

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, dated as of October 29, 2012 (this "Agreement"), is by and between VERNON R. BALDWIN, INC., an Ohio corporation ("Seller"), and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Buyer").

### WITNESSETH:

WHEREAS, Seller is the licensee of radio station WWLT, Manchester, Kentucky (Channel 276, 103.1 MHz) (the "Station"), pursuant to authorizations (the "FCC Authorizations") issued by the Federal Communications Commission (the "FCC");

WHEREAS, Seller and Buyer are parties to a certain Network Affiliation Agreement dated December 13, 2000 (the "Network Affiliation Agreement"), Amendment to the Network Affiliation Agreement dated November, 2010 (the "Amendment"), and WWLT Option Agreement dated November 11, 2010 (the "WWLT Option Agreement"), and

WHEREAS, on the terms and conditions described herein, Seller desires to sell and Buyer desires to acquire certain of the assets owned or leased by Seller and used or useful in connection with the operation of the Station.

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

1. **Sale of Assets.**

(a) On the Closing Date (as hereinafter defined), Seller shall sell, assign and transfer to Buyer, and Buyer shall purchase and assume from Seller, all of the assets, properties, interests and rights of Seller of whatsoever kind and nature, which are owned by Seller and used or useful in connection with the operation of the Station (the "Assets") (but excluding the Excluded Assets described in subparagraph (c) below), including without limitation:

(i) Certain of Seller's equipment, machinery, furniture, furnishings, fixtures, office materials, and other tangible personal property used or useful in the conduct of the transmission operations of the Station (the "Tangible Personal Property"), together with such improvements and additions thereto and replacements thereof between the date hereof and the Closing Date, including, without limitation, the property set forth on Schedule 1 hereto;

(ii) All of the licenses, permits, applications and other authorizations, including the FCC Authorizations (collectively, the "Licenses"), issued by the FCC, the Federal Aviation Administration (the "FAA"), and any other federal, state or local governmental authorities to Seller in connection with the conduct of the business and the operations of the Station, including without limitation, those set forth on Schedule 2 hereto;

(iii) All of the Seller's right, title and interest in and to the leasehold interests in the real property used as the current tower site for the Station (the "Tower Site Property"), between Letcher T. White in his capacity as Administrator of the Estate of John C. White, Lessor, and Seller (as successor-in-interest to Wilderness Hills, Inc.), dated July 1, 1999 (the "Lease"), attached to Schedule 3 hereto; and

(iv) All of Seller's logs, books, files, data, FCC and other governmental applications, equipment manuals and warranties, and other records relating to the broadcast operations of the Station, including without limitation all electronic data processing files and systems, FCC filings and all presently existing records required by the FCC to be kept by the Station.

(b) The Assets shall be transferred by Seller to Buyer free and clear of all debts, security interests, mortgages, trusts, claims, pledges, conditional sales agreements and other liens, liabilities and encumbrances of every kind and nature ("Liens"), other than for taxes not yet due and payable ("Permitted Liens") which Permitted Liens shall nonetheless remain the responsibility of Seller. Except as may be assumed by the Buyer for the Licenses and the Lease, or otherwise explicitly provided for in this Agreement, Buyer is not agreeing to, and shall not, assume any liability, obligation, undertaking, expense or agreement of Seller of any kind, absolute or contingent, known or unknown, and the execution and performance of this Agreement shall not render Buyer liable for any such liability, obligation, undertaking, expense or agreement. All of such liabilities and obligations shall be referred to herein as the "Retained Liabilities." Without limiting the generality of the foregoing, it is understood and agreed that Buyer is not agreeing to, and shall not, assume (i) any liability or obligation of Seller to Seller's employees under any existing written or oral agreements with Seller, including any such liability or obligation in respect of wages, salaries, bonuses, accrued vacation or sick pay or any other matter, or (ii) any liability arising out of any termination by Seller of the employment of any employee of the Station or any liability for any employee benefit plan or arrangement of Seller for the Station's employees.

(c) The following assets and obligations relating to the business of the Station shall be retained by Seller and shall not be sold, assigned or transferred to or assumed by Buyer (the "Excluded Assets");

(i) Cash on hand and in banks (or their equivalents), and accounts receivable arising out of the operation of the Station prior to Closing;

(ii) All rights of Seller under all contracts, leases (excluding the Lease attached to Schedule 3 hereto), and agreements, including contracts of insurance and insurance proceeds of settlement and insurance claims made by Seller relating to property or equipment repaired, replaced, restored by Seller prior to the Closing Date;

(iii) All pension, profit-sharing, retirement, stock purchase or savings plans or trusts and any assets thereof and all other employee benefit plans;

(iv) All deposits and all prepaid expenses and taxes; and

(v) Seller's corporate records.

2. **Purchase Price.**

(a) Upon the terms and subject to the conditions contained in this Agreement, and in consideration of the sale of the Assets, on the Closing Date Buyer shall pay to Seller the aggregate sum of Five Hundred Thousand Dollars (\$500,000) (the "Purchase Price"). The Purchase Price shall be payable to Seller at Closing as follows:

(i) On the Closing Date, Buyer shall execute and deliver to Seller a promissory note substantially in the form attached hereto as Exhibit A (the "Note") in the aggregate principal amount of Five Hundred Thousand Dollars (\$500,000). The principal of and interest on the Note shall be amortized over a term of one hundred twenty (120) months. The loan evidenced by the Note shall bear interest at the rate of five percent (5.0%) per annum. Buyer shall pay monthly, in arrears, installments of principal and interest in the amount of \$5,303.28 each month, commencing on the 30<sup>th</sup> day after the Closing Date, and continuing on the same calendar day of each succeeding month. If any payment date shall be a day that is not a regular business day, then payment shall be due on the next regular business day thereafter. Buyer may prepay all or any portion of the principal of the Note from time to time without penalty; and

(ii) To secure Buyer's payment obligations under the Note, Buyer shall execute and deliver to Seller on the Closing Date a Security Agreement substantially in the form of Exhibit B hereto ( the "Security Agreement") granting a first priority security interest in the Collateral set forth in Schedule I to the Security Agreement which shall include all Assets conveyed to Buyer hereunder (excluding the Licenses, but including the proceeds of sale thereof).

(b) The parties agree to prorate all expenses arising out of the operation of the Station which are incurred, accrued or payable, as of 11:59 p.m. local time of the day preceding the Closing. The items to be prorated shall include, but not be limited to, power and utilities charges, security deposits, and similar prepaid and deferred items. On the Closing Date, the prorations shall, insofar as feasible, be determined and paid on the Closing Date, with final settlement and payment to be made within forty-five (45) days after the Closing Date.

(c) On or before the Closing Date, Seller and Buyer shall mutually determine an allocation of Purchase Price among the Assets that complies with Section 1060 of the Internal Revenue Code of 1986, as amended.

3. **FCC Consent; Assignment Application.**

(a) Buyer and Seller shall execute, file and prosecute an application with the FCC (the "Assignment Application") requesting its consent to the assignment, from Seller to Buyer, of all FCC Authorizations pertaining to the Station (the "FCC Consent") at a date not later than five (5) business days after the execution of this Agreement. Buyer and Seller shall take all reasonable steps to cooperate with each other and with the FCC to secure such FCC Consent without delay, and to promptly consummate this Agreement in full. Each party shall be responsible for all of its own costs with respect thereto. The Assignment Application filing fee will be shared equally between Buyer and Seller.

(b) Seller hereby consents to and agrees to cooperate with Buyer in connection with the filing of a request by Buyer for a waiver of the FCC's "main studio" rules and a request to convert the station to noncommercial status, such waiver and noncommercial change to be effective on or after the Closing Date. Such request shall be made and prosecution thereof shall be conducted solely at Buyer's expense, and Seller's covenant of cooperation shall be satisfied by prompt delivery of the signed statement required under Section 73.3517 of the FCC rules or any similar successor rule or provision.

4. **Closing Date; Closing Place.** The closing (the "Closing") of the transactions contemplated by this Agreement shall occur no later than ten (10) days following the date on which the FCC Consent shall have become a Final Order (as hereinafter defined) (the "Closing Date") and the other conditions to closing set forth in Section 8 have either been waived or satisfied. For purposes of this Agreement, the term "Final Order" means action by the FCC consenting to an application that is not reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the time for filing any such request, petition or appeal or reconsideration by the FCC on its own motion has expired. The Closing shall be held by mail, electronic mail or as the Parties may agree.

5. **Representations and Warranties of Seller.** Seller hereby makes the following representations and warranties to Buyer:

(a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio and is qualified to do business in the State of Kentucky. Seller has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Seller and no other proceedings on the part of Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(b) The execution, delivery and performance of this Agreement by Seller will not (i) constitute a violation of or conflict with Seller's articles of incorporation, bylaws or other similar organizational documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation relating to the business of the Station and to which Seller or any of the Assets may be subject, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to Buyer, (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to Seller or any of the Assets, (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on any of the Assets, or (v) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(c) Schedule 1 hereto contains a list of the Tangible Personal Property owned by Seller that shall be transferred to Buyer. Seller owns and has, and will have on the Closing Date, good and marketable title to the Tangible Personal Property. The assets listed in Schedule 1 hereto include all of the material tangible personal property necessary to conduct the transmission operations of the Station as now conducted. For purposes of this Section, material Tangible Property shall be such property valued at One Hundred Dollars (\$100) or more.

(d) Schedule 2 hereto contains a true and complete list of the FCC Authorizations and all other licenses, permits or other authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operations of the Station in the manner and to the full extent it is presently operated. The Licenses are in full force and effect, unimpaired by any act or omission of Seller. Seller lawfully holds each of the FCC Authorizations and other licenses, permits and authorizations listed on Schedule 2, none of which is subject to any restrictions or conditions that would limit in any material respect the operations of the Station. There is not now pending or, to Seller's knowledge, threatened any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew any of such FCC Authorizations, and Seller has not received any notice of and has no knowledge of any pending, issued or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against either the Station or Seller. Except as set forth in Schedule 2, all material reports and filings required to be filed with the FCC by Seller with respect to the operation of the Station have been timely filed, and all such reports and filings are accurate and complete in all material respects.

(e) Seller has a valid leasehold interest in the Lease attached to Schedule 3, free and clear of all liens, mortgages, pledges, covenants, restrictions, leases, charges, or other claims or encumbrances of any nature whatsoever, and no party is in material breach or default with respect to the Lease.

(f) The instruments to be executed by Seller and delivered to Buyer at the Closing, conveying the Assets to Buyer, will transfer good and marketable title to the Assets free and clear of all Liens.

(g) There is no broker or finder or other person who would have any valid claim for a commission or brokerage in connection with this Agreement or the transaction contemplated hereby as a result of any agreement, understanding or action by Seller.

(h) Seller is not subject to any order, writ, injunction, judgment, arbitration decision or decree having binding effect and affecting the business of the Station or the Assets or which restrains or enjoins the transactions contemplated hereby, and no such proceeding is pending. There is no material litigation pending by or against, or to the best of Seller's knowledge, threatened against Seller which relates to Seller or the Station or could affect any of the Assets. Seller, with respect to the Station, has complied in all material respects with all applicable laws, regulations, orders or decrees. The present uses by Seller of the Assets do not violate any such laws, regulations, orders or decrees in any material respect, and Seller has no knowledge of any basis for any claim for compensation or damage or other relief from any violation of the foregoing.

(i) All of the Assets that are insurable in character are insured against loss, injury or damage to the full extent of their replacement value.

(j) Seller has duly, timely and in the required manner filed all federal, state, and local income, franchise, sales, use, property, excise, payroll and other tax returns and forms required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid. To Seller's knowledge, no event has occurred which could impose on Buyer any liability for any taxes, penalties or interest due or to become due from Seller from any taxing authority.

(k) No representation or warranty made by Seller in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading to Buyer.

6. **Representations and Warranties of Buyer.** Buyer hereby makes the following representations and warranties to Seller:

(a) Buyer is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of California, and has the requisite power and authority to own, lease and operate its properties and to carry on the business of the Station as now being conducted.

(b) Buyer has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Buyer and no other proceedings on the part of Buyer are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Buyer and constitutes the legal, valid and binding agreements of Buyer enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(c) The execution, delivery and performance of this Agreement by Buyer will not (i) conflict with or result in any breach of any provision of the articles of incorporation or by-laws of Buyer, or (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation, relating to its own business, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to Seller, (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to Buyer, or (iv) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(d) Buyer is legally, financially and technically qualified to acquire and become the licensee of the Station.

(e) There is no litigation, proceeding or governmental investigation pending or to the knowledge of Buyer, threatened, in any court, arbitration board, administrative agency, or tribunal 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, nor does Buyer know of, or have any reasonable ground to know of, in view of its present situation or action it now contemplates taking, any basis for such litigation, proceeding or investigation.

(f) There is no broker or finder or other person who would have any valid claim 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.

(g) No representation or warranty made by Buyer in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading to Seller to the best of Buyer's knowledge.

7. **Covenants.** Seller covenants with Buyer that, between the date hereof and the Closing Date, Seller shall act in accordance with the following:

(a) Subject to terms of the Network Affiliation Agreement, Seller shall maintain the Tangible Personal Property in accordance with past practices.

(b) Seller shall continue to operate and maintain the Station in accordance in all material respects with the terms of the FCC Authorizations and in material compliance with all applicable laws and FCC rules and regulations. Seller will deliver to Buyer, promptly after filing, copies of any reports, applications or responses to the FCC or any communications from the FCC, or if from any other party directed to the FCC, promptly after receipt by Seller, related to the Station that are filed or received between the date of this Agreement and the Closing Date. Seller will not file any application to modify the Station's facilities without Buyer's prior written consent, and Seller shall take all actions necessary to keep the Licenses, including all material permits and applications pending before the FCC, valid and in full force and effect.

(c) In all other respects, except as disclosed in writing to and approved by Buyer, Seller shall operate the Station solely in the ordinary course of business and in accordance with past practice, and shall pay its obligations with respect to the Station in the ordinary course as such obligations become due.

(d) Seller shall maintain in full force and effect through the Closing Date adequate property damage, liability and other insurance with respect to the Assets.

(e) Prior to the Closing Date, Seller shall not, without the prior written consent of Buyer sell, lease, transfer or agree to sell, lease or transfer any of the Assets without replacement thereof with an equivalent asset of equivalent kind, condition and value that satisfies industry standards for such assets, or create any new Lien on the Assets.

(f) Seller shall maintain the Lease in full force and effect without uncured default through the Closing Date.

(g) On or before the Closing Date, Seller shall furnish to Buyer revised Schedules to this Agreement as may be necessary to render such Schedules accurate and complete as of the Closing Date. Seller shall give detailed written notice to Buyer promptly upon the occurrence of or becoming aware of the impending or threatened occurrence of, any event which would cause or constitute a breach or would have caused a breach had such event occurred or been known to Seller prior to the date hereof, of any of Seller's representations or warranties contained in this Agreement or in any Schedule. Seller shall promptly disclose to Buyer any problems or developments which materially affect the Station or the Assets. Seller shall give prompt written notice to Buyer if the Assets shall have suffered damage on account of fire, explosion or other cause of any nature that is sufficient to prevent operation of the Station.

(h) Seller shall comply in all material respects with all federal, state and local laws, rules and regulations.

(i) If any event should occur which would prevent the consummation of the transactions contemplated hereunder, Seller shall use its respective best efforts to cure the event as expeditiously as possible.

(j) Seller shall obtain written consent to assignment of the Lease from Seller to Buyer and an estoppel certificate from the landlord of the Lease, identifying the Lease and any amendments or modifications thereto, the term of the Lease and the amount of monthly payments due thereunder, and containing the landlord's certification that such Lease is in full force and effect and that there are no uncured defaults with respect to the Lease, and at Closing Buyer shall execute an assumption of, and a release of, all obligations of Seller under the Lease and shall indemnify Seller for any obligations arising subsequent to Closing under the Lease.

#### **8. Conditions Precedent to Obligation to Close.**

(a) The performance of the obligations of Seller hereunder is subject to the satisfaction of each of the following express conditions precedent, unless waived in writing by Seller:

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

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

(iii) The FCC Consent contemplated by this Agreement shall have been granted;

(iv) Buyer shall have delivered to Seller, on the Closing Date, the documents required to be delivered pursuant to Section 9(b);

(v) Buyer shall not be subject to any voluntary or involuntary petition under Federal bankruptcy law, or any state receivership or similar proceeding; and

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

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

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

(iii) The FCC Consent contemplated by this Agreement shall have become a Final Order;

(iv) The Licenses shall be in full force and effect and there shall be no proceedings pending before the FCC to revoke, cancel, rescind, modify or refuse to renew any of such Licenses, and Seller has not received any notice of and has no knowledge of any pending, issued or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against either the Station or Seller;

(v) The Assets shall not have suffered damage that shall cause a material adverse effect upon the Station or the Assets taken as a whole on account of fire, explosion or other cause of any nature which shall not have been repaired as of the Closing Date; provided that if such damage shall have occurred, Seller shall be afforded a reasonable opportunity to repair and restore such damaged assets to their prior condition or, at Seller's election, to replace such damaged assets with assets of comparable quality and utility; and provided, further, that if Buyer elects to waive the condition set forth in this Section 8 and consummate the Closing, then Buyer shall be entitled to collect and receive the proceeds of any insurance payable to Seller on account of such damages which have not been applied to the repair thereof;

(vi) Other than those presently existing Liens that are to be satisfied at Closing by Seller out of the cash proceeds of this transaction, there shall not be any Liens on the Assets or any financing statements of record other than those created by Buyer in favor of Seller or Permitted Liens;

(vii) Seller shall have obtained any necessary consents referenced in Section 7(j) above;

(viii) No suit, action, claim or governmental proceeding shall be pending, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against any party hereto which: (A) would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms; (B) questions the validity or legality of any transaction contemplated hereby; or (C) seeks to enjoin any transaction contemplated hereby;

(ix) None of the events or conditions referenced in Section 18 below shall have occurred and not been remedied as set forth in Section 18; and

(x) Seller shall have delivered to Buyer, on the Closing Date, the documents required to be delivered pursuant to Section 9(a).

9. **Closing Deliveries.**

(a) At the Closing, Seller will deliver to Buyer the following, each of which shall be in form and substance satisfactory to Buyer and its counsel:

(i) A Bill of Sale, and other instruments of transfer and conveyance, dated the Closing Date, in form and substance so as to effectively and legally transfer and assign to Buyer the Tangible Personal Property and effectively vest in Buyer good and marketable title to the Tangible Personal Property;

(ii) An Assignment and Assumption of the Station's FCC Licenses;

(iii) An Assignment and Assumption of Lease;

(iv) Estoppel Certificates and landlord consents referenced in 7(j);

(v) Certified copies of the resolutions of the governing body of Seller authorizing and approving the execution and delivery of this Agreement and each of the other documents to be delivered in connection herewith and authorizing the consummation of the transactions contemplated hereby and thereby;

(vi) A certificate, dated the Closing Date, executed by an authorized officer of Seller, certifying the fulfillment of the conditions set forth in Section 8(b)(i) and (ii) hereof;

(vii) A certificate of existence or good standing for Seller from the Secretary of State of the State of Ohio and the State of Kentucky;

(viii) The Security Agreement;

(ix) Payoff letters and UCC-3 termination statements with respect to any lien of record; and

(x) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as Buyer shall reasonably request, each in form and substance satisfactory to Buyer and its counsel.

(b) Prior to or at the Closing, Buyer will deliver to Seller the following, each of which shall be in form and substance satisfactory to Seller and its counsel:

- (i) The Note pursuant to Section 2(a)(i) hereof duly executed by Buyer;
- (ii) The Security Agreement pursuant to Section 2(a)(ii) hereof duly executed by Buyer;
- (iii) An Assignment and Assumption of the Station's FCC Licenses;
- (iv) An Assignment and Assumption of Lease, and release of and indemnification of Seller from any obligations arising subsequent to Closing under the Lease;
- (v) Certified copies of the resolutions of the Board of Directors of Buyer authorizing and approving the execution and delivery of this Agreement and each of the other documents to be delivered in connection herewith and authorizing the consummation of the transactions contemplated hereby and thereby;
- (vi) A certificate, dated the Closing Date, executed by an authorized officer of Buyer, certifying the fulfillment of the conditions set forth in Section 8(a)(i) and (ii) hereof;
- (vii) A certificate of existence or good standing for Buyer from the Secretary of State of the State of California;
- (viii) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as Buyer shall reasonably request, each in form and substance satisfactory to Seller and their counsel.

10. **Indemnification.**

(a) Following the Closing, Seller shall indemnify, defend and hold harmless Buyer with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including, without limitation, interest, penalties, court costs and reasonable attorneys' fees) ("*Damages*") asserted against, resulting from, imposed upon or incurred by Buyer directly or indirectly relating to or arising out of: (i) the breach by Seller of any of its or her representations or warranties that survive the Closing, or failure by Seller to perform any of its covenants, conditions or agreements set forth in this Agreement that survive the Closing; and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership and operation of the Station prior to the Closing, including the Retained Liabilities, Permitted Liens and with respect to the Excluded Assets.

(b) Following the Closing, Buyer shall indemnify, defend and hold Seller harmless with respect to any and all Damages asserted against, resulting from, imposed upon or incurred by Seller directly or indirectly relating to or arising out of: (i) the breach by Buyer of any of its representations, warranties, or failure by Buyer to perform any of its covenants, conditions or agreements set forth in this Agreement that survive the Closing; and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership and operation of the Station as conducted by Buyer subsequent to the Closing.

(c) If either party hereto (the "Indemnitee") receives notice or otherwise obtains knowledge of any matter with respect to which another party hereto (the "Indemnifying Party") may be obligated to indemnify the Indemnitee under this Section 10(c), then the Indemnitee shall promptly deliver to the Indemnifying Party written notice describing such matter in reasonable detail and specifying the estimated amount of the Damages or liability that may be incurred by the Indemnitee in connection therewith. The Indemnifying Party shall have the right, at its option, to assume the complete defense of such matter at its own expense and with its own counsel, provided such counsel is reasonably satisfactory to the Indemnitee. If the Indemnifying Party elects to assume the defense of such matter, then (i) notwithstanding anything to the contrary herein contained, the Indemnifying Party shall not be required to pay or otherwise indemnify the Indemnitee against any such matter following the Indemnifying Party's election to assume the defense of such matter, (ii) the Indemnitee shall fully cooperate as reasonably requested by the Indemnifying Party in the defense or settlement of such matter, (iii) the Indemnifying Party shall keep the Indemnitee informed of all material developments and events relating to such matter, and (iv) the Indemnitee shall have the right to participate, at its own expense, in the defense of such matter. In no event shall the Indemnifying Party be liable for any settlement or admission of liability with respect to such matter without its prior written consent.

(d) The several representations and warranties of Seller and Buyer contained in or made pursuant to this Agreement shall expire on the date that is six (6) months after the Closing Date.

## 11. Termination.

(a) This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in default or breach of any of its material obligations under this Agreement upon written notice to the other upon the occurrence of any of the following: (i) if, on or prior to the Closing Date, the other party breaches any of its material obligations contained herein, and such breach is not cured by the earlier of the Closing Date or thirty (30) days after receipt of the notice of breach from the non-breaching party; or (ii) if the Assignment Application is denied by the FCC and such denial shall have become a Final Order; or (iii) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing of this Agreement.

(b) Upon a termination of this Agreement by Seller due to a breach by Buyer of any of its material obligations under this Agreement, the WWLT Option Agreement dated November 11, 2010 shall terminate and be of no further force and effect, and Seller may in addition, at its option terminate the Network Affiliation Agreement and Buyer shall pay to Seller

as liquidated damages for such a breach by Buyer, and not as a penalty or other forfeiture, a lump sum payment upon such termination representing six months of the then current WWLT Monthly Payment ("Liquidated Damages Amount") as defined and set forth in the Amendment to Network Affiliation Agreement. The parties agree that damages for such a breach by Buyer would be difficult or impossible to ascertain and that payment of the Liquidated Damages Amount represents a fair estimate of the estimated harm likely to be suffered by Seller.

(c) Upon a termination of this Agreement due to a breach by Seller of any of its material obligations under this Agreement, Buyer may seek all rights and remedies that it may have in equity or at law.

(d) Upon a termination of this Agreement for any reason other than as a result of a breach by either party of any of its material obligations under this Agreement, except as to compliance with Section 13, thereafter neither party shall have any further obligation to the other under this Agreement.

12. **Specific Performance.** Seller acknowledges that the Station is a unique asset not readily obtainable on the open market and that, in the event that Seller fails to perform its obligation to consummate the transaction contemplated hereby, money damages alone will not be adequate to compensate Buyer for its injury. Therefore, Seller agrees and acknowledges that in the event of Seller's failure to perform its obligation to consummate the transaction contemplated hereby, Buyer shall be entitled to specific performance of the terms of this Agreement and of Seller's obligation to consummate the transaction contemplated hereby. If any action is brought by Buyer to enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law, and Buyer shall be entitled to receive from Seller all court costs, attorney's fees and other out-of-pocket expenses incurred by Buyer in enforcing its rights under this provision.

13. **Confidentiality.**

(a) Each party shall hold, and shall cause its officers, employees, agents and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain such information to hold, in confidence, and not use for any purpose other than evaluating the transactions contemplated by this Agreement, any confidential information of another party obtained through the investigations permitted hereunder, which for the purposes hereof shall not include any information which (i) is or becomes generally available to the public other than as a result of disclosure by the party which alleges the information is confidential or its affiliates, (ii) becomes available to a party on a nonconfidential basis from a source, other than the party which alleges the information is confidential or its affiliates, which has represented that such source is entitled to disclose it, or (iii) was known to a party on a nonconfidential basis prior to its disclosure to such party hereunder. If this Agreement is terminated, each party shall deliver, and cause its officers, employees, agents, and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain confidential information of another party pursuant to investigations permitted hereunder to deliver to such other party all such confidential information that is written (including copies or extracts thereof), whether such confidential information was obtained before or after the execution.

(b) If a party or a person to whom a party transmits confidential information of another party is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of such confidential information, such party or person will provide the other applicable party with prompt written notice so that such party may seek a protective order or other appropriate remedy or waive compliance with Section 13(a). If such protective order or other remedy is not obtained, or if the applicable party waives compliance with Section 13(a), the party subject to the request will furnish only that portion of such confidential information which is legally required and will exercise its best efforts to obtain reliable assurance that confidential treatment will be accorded such confidential information.

14. **Notices.** All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery, or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Seller, to:

Vernon R. Baldwin, Inc.  
8686 Michael Lane  
Fairfield, OH 45014

with a copy (which shall not  
constitute notice)

John Garziglia, Esq.  
Womble, Carlyle, Sandridge and Rice, LLP  
1200 19<sup>th</sup> Street, NW, Suite 500  
Washington, DC 20036

If to Buyer, to:

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

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

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

(a) **Governing Law; Venue.** This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Kentucky, without giving effect to the choice of law principles thereof. Any legal action brought under this Agreement or any document related to this transaction shall be brought in courts having jurisdiction over claims arising in Clay County, Kentucky.

15. **Partial Invalidity.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any provision contained herein shall, for any reason, be held to be invalid or unenforceable, such provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remainder of such provision or any other provisions hereof, unless such a construction would be unreasonable.

16. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument. This Agreement may be executed and exchanged by facsimile transmission or electronic mail, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation of a contract and each such party forever waives any such defense.

17. **Expenses.** Except as otherwise set forth herein, each party hereto shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement. All federal, state, local and other transfer and sales taxes applicable to, imposed upon or arising out of the transfer to Buyer of the Assets as contemplated hereby shall be paid according to local custom.

18. **Risk of Loss.** The risk of loss to any of the Assets on or prior to the Closing Date shall be upon Seller. Seller shall use all commercially reasonable efforts to repair or replace any damaged or lost Assets, provided, however, that in the event that the Assets with a value of greater than Fifty Thousand Dollars (\$50,000) are damaged or lost on the date otherwise scheduled for Closing, Buyer may, at its option, either (i) postpone Closing for a period of up to sixty (60) days while Seller repairs or replaces such Assets, or (ii) elect to close with the Assets in their current condition, in which case Seller shall assign all proceeds from insurance on such lost or damaged Assets to Buyer, and Buyer shall have the responsibility to repair or replace the Assets. Seller shall have no responsibility to repair or replace damaged or destroyed Assets not covered by insurance if the cost of such repair exceeds Fifty Thousand Dollars (\$50,000), provided, however, that should Seller advise Buyer within five (5) days after being requested to do so that Seller will not repair or replace such Assets, Buyer may terminate this Agreement without penalty upon written notice to Seller. Should the Station not be operable at 90% of its authorized effective radiated power on the Closing Date, Buyer may either elect to terminate this Agreement without penalty upon written notice to Seller or postpone the Closing for a period of up to sixty (60) days while Seller attempts to cure the condition causing such inability to operate.

19. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of the other party.

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

*[Signatures to Follow]*

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

**Seller:**

**VERNON R. BALDWIN, INC.**

By: Marcella Baldwin  
Marcella Baldwin, President

**Buyer:**

**EDUCATIONAL MEDIA FOUNDATION**

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

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

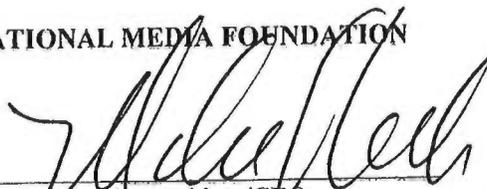
**Seller:**

**VERNON R. BALDWIN, INC.**

By: \_\_\_\_\_  
Marcella Baldwin, President

**Buyer:**

**EDUCATIONAL MEDIA FOUNDATION**

By:   
Mike Novak, President/CEO

## SCHEDULE 1

### Tangible Personal Property

- All of Seller's rights in the 45 M galvanized self supporting tower at the TX site, if any
- Shively 6810-1R transmit antenna
- ~ 40 M 1-5/8" coax
- QEI 10000 FM Transmitter
- ~10' x ~10' White shelter (in poor condition) also standard EMF rack inside this shelter now.
- Fencing & ice bridge

SCHEDULE 2

Licenses

WWLT Channel: 276A 103.1 MHz, Manchester, Kentucky  
FCC Facility ID: 72442  
License Expires: 08/01/2020

WPZT546 950 MHz Aural Studio Transmitter Link  
WPZV935 950 MHz Aural Studio Transmitter Link

SCHEDULE 3

Lease

(see attached)

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE entered into as of this 27<sup>th</sup> day of May, 1999, by and between LETCHER T. WHITE, in his capacity as Administrator of the Estate of John C. White, 108 Cedar Street, Manchester, Kentucky 40962, hereinafter "Lessor," and WILDERNESS HILLS, INC., 100 Thompson-Poynter Road, London, Kentucky 40741, hereinafter "Lessee."

**WITNESSETH:**

1. Lessor and Lessee have entered into a REAL ESTATE LEASE AGREEMENT (hereinafter referred to as the "Lease") providing for the lease by Lessee of the following described property in Clay County, Kentucky:

A certain lease area located on a high knob in the center of a spur ridge running down between two hollows into the Straight Fork of Whites Branch of the Collins Fork of Goose Creek, a tributary of the South Fork of the Kentucky River, approximately 3,300 feet north of the mouth of said fork, in the county of Clay, State of Kentucky and bounded and described as follows, to-wit:

Beginning at a point on a high knob in the center of a spur between two hollows into Straight Fork of Whites Branch, Latitude 37°04'31" and Longitude 83°49'14", said point being on the arc of a 65.00 foot radius circle (Tower location), thence running with the arc of said circle a distance of 408.41 feet back to the beginning so as to create a 65.00 foot radius circle with an area of 13,273 square feet or three-tenths (0.30) acre lease area, all according to a survey performed by Meredith General Surveys, Inc., conducted by James Q. Meredith, Kentucky Registered Land Surveyor Number 1387 on May 5, 1999.

Being a portion of a tract of land conveyed in 1889 to Perry Jarvis by L. A. Byron and his wife, Elizabeth P. Byron, in a deed recorded in Deed Book M, Page 14, Clay County Clerk's office at Manchester, Kentucky.

2. The terms of said Lease are hereby incorporated herein by reference. The original term of said Lease shall for a period of five (5) years beginning on July 1, 1999. Additionally, Lessee has an option to extend the original term for five (5) additional terms of five (5) years each. Furthermore, Lessee has a right of first refusal to purchase the demised property.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures by their duly authorized officers as of the day and year first above written.

LESSOR:



LETCHER T. WHITE, ADMINISTRATOR  
ESTATES OF JOHN C. WHITE

LESSEE:

WILDERNESS HILLS, INC.

BY: Vernon R. Baldwin V.P.  
NAME TITLE

COMMONWEALTH OF KENTUCKY)  
COUNTY OF Clay ) SS.

Subscribed and sworn to before me and acknowledged by Letcher T. White, in his capacity as Administrator of the Estate of John C. White, Lessor, as its free and voluntary acts and for the purposes herein stated in the foregoing County on this the 1st day of July, 1999.

My Commission expires 9-20-02

Lesley M. Blomaw  
NOTARY PUBLIC, STATE AT LARGE

COMMONWEALTH OF KENTUCKY)  
COUNTY OF Jackson ) SS.

Subscribed and sworn to before me and acknowledged by Vernon R. Baldwin, on behalf of Wilderness Hills, Inc., Lessee, as its free and voluntary acts and for the purposes herein stated in the foregoing County on this the 29<sup>th</sup> day of May, 1999.

My Commission expires July 15 2002

Betty J. Rudder  
NOTARY PUBLIC, STATE AT LARGE

CERTIFICATE OF PREPARATION

I hereby certify that the foregoing instrument, being a MEMORANDUM OF LEASE, was prepared by me, without the benefit of a title examination, on this the 29<sup>th</sup> day of May, 1999.

Ross E. Murray  
ROSS E. MURRAY, ESQ.  
Law Offices of R. Gregory Lathram, P.S.C.  
113 West Fifth Street  
London, KY 40741  
(606) 862-1600  
ATTORNEY AT LAW

Wilderness Hills memo lease

STATE OF KENTUCKY  
COUNTY OF CLAY  
I, JENNINGS B. WHITE, County Clerk do hereby  
certify that the foregoing Mem. of Lease, on  
the 30<sup>th</sup> day of Nov, 1999, at 2:45 P.  
I have recorded in my said office, together with  
the certificate thereon endorsed in  
Lease Book No. 84, Page 487  
Given under my hand this 30 day of 11, 1999  
By JENNINGS B. WHITE, CLERK  
Beverly Craft D.C.

FROM : R. Gregory Lathram, Esq.

PHONE NO. : 606 546 2216

P02

REAL ESTATE LEASE AGREEMENT

THIS AGREEMENT is made and entered into on this the \_\_\_\_ day of May, 1999, by and between LETCHER T. WHITE, in his capacity as Administrator of the Estates of John C. & Drucilla White, 108 Cedar Street, Manchester, Kentucky 40962, hereinafter "Lessor," and WILDERNESS HILLS, INC., 100 Thompson-Poynter Road, London, Kentucky 40741, hereinafter "Lessee."

WITNESSETH:

In consideration of the mutual covenants hereinafter contained, and each act performed hereunder by the respective parties, Lessor and Lessee agree as follows:

ARTICLE I. MEMORANDUM OF LEASE

Section 1.01. Short Form of Ground Lease. Lessor and Lessee agree not to place this Lease of Record, but to execute, acknowledge and record a short form of ground lease containing the names of Lessor and Lessee, and the specific legal description of the Demised Premises, the Original Term, the Right of First Refusal, and the renewal options. Lessee shall have the Memorandum of Lease recorded and supply the recorded copy to Lessor.

ARTICLE II. DEMISED PREMISES

Section 2.01. Demised Premises. Lessor hereby lets and demises to Lessee, and Lessee hereby leases from Lessor the following real property, such premises and the improvements now and hereafter built thereon being referred to as the "Demised Premises", located in Clay County, Kentucky, and being more particularly described as follows, to-wit:

A certain lease area located on a high knob in the center of a spur ridge running down between two hollows into the Straight Fork of Whites Branch of the Collins Fork of Goose Creek, a tributary of the South Fork of the Kentucky River, approximately 3,300 feet north of the mouth of said fork, in the county of Clay, State of Kentucky and bounded and described as follows, to-wit:

Beginning at a point on a high knob in the center of a spur between two hollows into Straight Fork of Whites Branch, Latitude 37°04'31" and Longitude 83°49'14", said point being on the arc of a 65.00 foot radius circle (Tower location), thence running with the arc of said circle a distance of 400.41 feet back to the beginning so as to create a 65.00 foot radius circle with an area of 13,273 square feet or three-tenths (0.30) acre lease area, all according to a survey performed by Meredith General Surveys, Inc., conducted by James Q. Meredith, Kentucky Registered Land Surveyor Number 1387 on May 5, 1999.

Being a portion of a tract of land conveyed to Letcher White in a deed recorded in Deed Book 176, Page 70, Clay County Clerk's office at Manchester, Kentucky.

Section 2.02. Possession. Notwithstanding any other provision contained herein,

FROM : R. Gregory Latham, Esq.

PHONE NO. : 606 546 2216

P03

Lessor shall surrender possession of the Demised Premises on or before the date of execution of this Lease.

*Section 2.03. Exclusivity.* As part of the agreement between the parties, Lessor grants to Lessee the exclusive right to build and maintain a broadcast station and communications tower(s) on the Demised Premises and on the surrounding property.

**ARTICLE III. TERM AND RENEWALS**

*Section 3.01. Original Term; Commencement Date.* The "Original Term" of this Lease shall be for a period of five (5) years beginning on July 1, 1999 (the "Commencement Date").

*Section 3.02. Renewals.* Provided Lessee shall not be in default in performance of any of its obligations under this Lease, Lessor grants to Lessee an option to extend the Original Term for five (5) additional terms of five (5) years each (collectively the "Option Period"), subject to the same terms and conditions hereof. Such options shall be exercised automatically without further action by Lessee unless Lessee shall by written notice at least ninety (90) days prior to the end of the Original term or the then current renewal period, as applicable, notify Lessor of Lessee's intent not to exercise such renewal option. Lessee shall have the right to decline the renewal option until the renewal date.

*Section 3.03. Demised Term.* The Original Term and any Option Period of this Lease resulting from the exercise of the option granted in Section 3.02 are collectively referred to in this Lease as the "Demised Term".

*Section 3.04. Holding Over.* In the event Lessee remains in possession of the Demised Premises after the expiration of the Demised Term and without the execution of a new lease, Lessee shall be deemed to be occupying the Demised Premises as a tenant from month to month, subject to all conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy.

*Section 3.05. Rental Year.* The term "Rental Year" shall mean each twelve (12) month period occurring during the Demised Term.

**ARTICLE IV. RENT**

*Section 4.01. Rental.* Lessor shall pay to the Lessor \$3,000.00 annually for years one (1) through five (5) of this rental agreement, payable in equal monthly installments of \$250.00 (Rental). All Rental shall be due and payable on the first day of each month during the Demised Term. Lessee shall commence paying rental at the beginning of the first Rental Year. If Rental is not paid by the tenth (10<sup>th</sup>) day of the month in which it is due, it will be considered late, and a daily charge of 0.5% of the monthly rental will be assessed until said rent is paid. Rental for any partial month shall be prorated.

*Section 4.02. Rental Adjustments During Lease and Option Periods.* The minimum rental, provided for in Section 4.01, shall be increased by a sum equal to 4% of the prior annual rent every five years throughout the lease term and option period; specifically the 4% increases will take place on the first day of the first year of each five-year option period.

#### ARTICLE V. TAXES

*Section 5.01. Real Estate Taxes.* Lessor shall pay and discharge, as they become due, all taxes and assessments on the Demised Premises which accrue after the Commencement Date.

#### ARTICLE VI. USE OF DEMISED PREMISES

*Section 6.01. Use.* The Demised Premises may be used by Lessee for any legal purpose, but it is understood that Lessee intends to use and occupy the Demised Premises for the purpose of building and operating a broadcast station and communications tower(s). Said communications towers may be up to three hundred (300) feet in height and of unlimited number, restricted only by Federal Communication Commission regulations and other state and federal laws.

#### ARTICLE VII. ACCESS TO DEMISED PREMISES

*Section 7.01. Construction and Maintenance of Access Road.* Landlord agrees to allow Lessee and Lessee agrees to construct a gravel access roadway, hereinafter "access road", which shall intersect with Straight Fork Road. Lessor understands, acknowledges and agrees that the access road must be constructed for ingress and egress to the Demised Property. The access road shall be between five (5) to ten (10) feet in width and shall meander approximately two and one-half (2 ½) miles from the Demised Premises to Straight Fork Road. The surface of the access road will be gravel. Lessee shall maintain the access road throughout the duration of the Demised Term.

*Section 7.02. Right to Use and Admittance to Access Road.* The right to use and admittance to the access road shall be restricted by a locked gate, hereinafter "gate number 1", to be constructed by Lessee at the base of the hill over the access road at the intersection with Straight Fork Road. Lessee agrees to provide Lessor with one (1) key to gate number 1 with which Lessor may obtain access to Lessor's other property through which the access road passes. Lessor shall refrain from any activity which damages the access road or gate number 1 or that blocks or limits Lessee's access to the Demised Premises.

*Section 7.03. Access to Demised Premises.* At Lessee's sole option, Lessee may construct a chain link fence around the Demised Premises. Also at Lessee's sole option, Lessee may install a locked gate, hereinafter "gate number 2", to limit access to the Demised Premises. Lessee shall permit Lessor and the agents and employees of Lessor to enter into and upon the Demised Premises at reasonable times for the purpose of making inspection.

#### ARTICLE VIII. UTILITY SERVICES

*Section 8.01. Payment by Lessee.* Payment for all utilities used upon or in connection with the Demised Premises shall be made by Lessee. Lessee shall pay for all required extensions and tap in fees necessary for development of the Demised Premises.

*Section 8.02. Installation* Lessor agrees to allow Lessee to have any utilities Lessee desires installed on the Demised Premises. Lessor understands, acknowledges and agrees that this will require utility companies and others to cross other portions of Lessor's property and permanently install utility equipment on the other property of Lessor, which is necessary for the

installation and maintenance of utility services on the Demised Premises.

ARTICLE IX. CONSTRUCTION

Section 9.01. Construction by Lessee. Lessee shall have the right, at Lessee's sole cost and expense, to construct or otherwise make improvements on the Demised Premises. Lessee may from time to time demolish the then existing buildings.

Section 9.02. Removal of Improvements at End of Demised Term. Lessor understands, acknowledges and agrees that all improvements on the Demised Premises are the property of Lessee and Lessee, at its sole option, has the right to removal any and all improvements on the Demised Premises at the end of the Demised Term, provided, however, that Lessee shall not remove gate number 1 and the access road at the end of the Demised Term, gate number 1 and the access road becoming property of Lessor.

Section 9.03. Hazardous Waste. To the best of Lessor's knowledge and belief, there are no substances or conditions in or on the Property which support a claim or cause of action under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("Superfund Act"), the Resources Conservation and Recovery Act or any other federal, state or local environmental statutes, regulations, ordinances or regulatory requirements. For the purpose of this paragraph, Lessor's knowledge means knowledge of either: (i) Lessor's environmental personnel who have responsibility for environmental matters, or (ii) Lessor's management.

Section 9.04. Environmental Indemnification. Lessor shall indemnify and hold Lessee safe and harmless from any and all claims, causes of action, liabilities, damages, judgments, demands, fees, obligations, assessments, costs (including reasonable attorneys' fees), and expenses of any kind or nature arising from (i) the use of the Property prior to this Lease, and (ii) the status or condition of the Property prior to this Lease, or (iii) any claim or action from or by any governmental agency, private entity, or individual pursuant to any federal, state or local law, including but not limited to the Resource Conservation Recovery Act of 1976, the Toxic Substances Control Act, and the Comprehensive Environmental Compensation and Liability Act, arising from activities prior to this Lease. The foregoing indemnification shall be in addition to any other rights or remedies of Lessee at law or in equity and shall not be construed as a waiver of any such rights or remedies in law or equity thereafter. Lessee agrees to give Lessor prompt notice of any such claims and to cooperate with Lessor in the defense of such claims including but not limited to providing Lessor with information on Lessee's management and disposal practices since Lessee's possession of this property.

ARTICLE X. ALTERATIONS

Section 10.01. Alterations by Lessee. Any construction, remodeling, alterations and additions to the Demised Premises which Lessee may deem necessary during the Demised Term shall be made at Lessee's expense, and Lessor hereby consents thereto; provided, however, Lessor shall not be required to pay for any such cost or expense incurred by Lessee. Unless otherwise specifically provided in writing, any such alteration or addition may be removed, at the option of Lessee, from the Demised Premises upon the expiration or termination of this Lease, free of any claim by Lessor.

FROM : R. Gregory Latham, Esq.

PHONE NO. : 606 546 2216

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ARTICLE XI. DEFAULT AND REMEDIES

Section 11.01. Default. In event of (i) any failure of Lessee to pay any rent due hereunder within thirty (30) days after Lessor has given written notice of any failure, or (ii) any failure to perform any other of the terms or conditions of this Lease to be observed or performed by Lessee for more than thirty (30) days after written notice of such default shall have been given to Lessee or if Lessee shall become bankrupt or insolvent or file any debtor proceedings to take or have taken against Lessee in any court pursuant to any statute either of the United States or of any state a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Lessee's property, or if Lessee makes an assignment for the benefit of creditors or petitions or enters into an arrangement, or if Lessee shall abandon said Demised Premises or suffer this Lease to be taken under any writ of execution, THEN Lessor, in addition to other rights and remedies it may have, may terminate this Lease and require Lessee to remove its property from the Demised Premises within sixty (60) days of the termination date. After such time Lessor may re enter the Demised Premises and remove all persons and property therefrom, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Lessee.

ARTICLE XII. CONDEMNATION

Section 12.01. The Taking. If the Demised Premises, or any part thereof, should be taken or condemned for public or quasi-public use under any statute or by the right to eminent domain, or in lieu thereof, if the Demised Premises are sold to a public body under threat or proposal of condemnation, or if the grade of any street or highway or abutting the Demised Premises is changed or access to such street or highway is limited by governmental decree or other so as to limit fee ingress and egress to and from the Demised Premises or otherwise to affect materially and adversely the use of the Demised Premises, then Lessee, at its option, may terminate this Real Estate Lease Agreement (except for purposes of pursuing its claims for damages as provided herein), and any award or settlement for damages or sale proceeds shall be distributed to the parties in the following manner: (i) all proceeds attributable to the improvements built by Lessee shall be distributed to the Lessee; and (ii) all proceeds attributable to the land shall be distributed to Lessor. Lessee shall have the right to join in any condemnation suit or negotiations to make a claim for its loss or business.

Section 12.02. Lessee's Option. In the event Lessee does not exercise its option to terminate as aforesaid, Lessee shall be entitled to a reduction of rental payments in proportion to the diminution in the fair market value of the Demised Premises (including all improvements), caused by such taking or loss; such reduction shall be retroactive to the date when Lessee was deprived of the full and complete use of all of the Demised Premises. If Lessor and Lessee are unable to mutually agree as to the reduction of the Minimum Rent, then the reduced Minimum Rent shall be determined by appraisal.

Section 12.03. More Than One Taking. If more than one taking or condemnation occurs during the Demised Term, the rights of the parties as provided in this Article, shall be determined as if all such takings or condemnations had all occurred at the time of the last taking, and the effect of all such takings or condemnations shall be considered cumulatively.

ARTICLE XIII. ASSIGNMENT, SUBLEASE OR LICENSE

Section 13.01. Assignment, Sublease or License. Lessee may assign, sublease or

FROM : R. Gregory Latham, Esq.

PHONE NO. : 606 546 2216

P07

license the Demised Premises, or any right or privilege connected therewith, or allow any other person to occupy the Demised Premises or any part thereof without obtaining the written consent of Lessor. Any such assignment, sublease or license shall not impose on Lessor greater obligations or liabilities than are contained elsewhere in this Lease. Lessee shall remain primarily liable for performance of obligations under this Lease.

ARTICLE XIV. RIGHT OF FIRST REFUSAL

Section 14.01. Lessee's Right of First Refusal If Lessor desires to sell the Demised Premises at any time during the Demised Term, Lessor hereby grants to Lessee (assuming Lessee is not in default of any provisions herein) a right of first refusal to purchase the Demised Premises on the same terms and conditions as a third party offers to purchase the Demised Premises. Lessor shall mail a true copy of any such offer to Lessee and inform Lessee of Lessor's desire to sell the Demised Premises; Lessee shall have forty-five (45) days from the date of receipt to advise Lessor of Lessee's election to purchase the Demised Premises by mailing a written acceptance thereof to Lessor and the parties shall have ninety (90) days thereafter to close same. If no acceptance is received within the forty-five (45) day period, then Lessor shall be free to sell the Demised Premises to the other party on no more favorable terms and conditions and at no lower price than that set forth in the offer. If the Demised Premises are not sold by Lessor within forty-five (45) days from the day following the end of the forty-five (45) day period, then the sale of the Demised Premises shall again be subject to the terms and provisions of this Section. Lessee's failure to exercise its right of first refusal shall in no way affect its rights and duties under this Lease and any successor in interest to Lessor, whether it be purchaser, heir, or any other, shall be bound by the provisions of this Lease.

ARTICLE XV. MISCELLANEOUS

Section 15.01. Covenant of Title. Lessor covenants, represents and warrants that Lessor has full right and power to execute and perform Lessor's obligations under this Lease and to grant the estate demised herein and that the Demised Premises are, or shall be as of the Commencement Date, free of all liens, mortgages and rights of others to possess same. Lessee, on payment of the rent herein reserved and performance of the covenants and agreements herein contained, shall peaceably and quietly have, hold and enjoy the Demised Premises during the Demised Term without molestation or hindrance by any person, and if, at any time, during the Demised Term, the title of Lessor shall fail or it shall be discovered that Lessor's title does not enable Lessor to grant the term hereby demised, or action is taken by governmental authority (resulting from an act or omission of Lessor or from an event occurring prior to the date hereof of which Lessor had or should have had knowledge) which prevents Lessee from using the Demised Premised for the use contemplated by it, Lessee shall have the option at Lessee's expense to correct or contest such defect or action, or to annul and void this Lease with no further rights to damages, if any, against Lessor

Section 15.02. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail, return receipt requested, to any party hereto at its address stated below or at such other address of which it shall have notified the party giving such notice in writing:

Lessor: Morgan & White, Attorneys at Law

FROM : R. Gregory Latham, Esq.

PHONE NO. : 606 546 2216

P08

Route 3 Box 21  
Manchester Kentucky 40962  
 Lessee: Wilderness Hills, Inc.  
100 Thompson-Poynter Road  
London, Kentucky 40741

*Section 15.03. Waiver.* No waiver of any condition or covenant of this Lease by either party shall be deemed to imply or constitute a further waiver of the same of any other condition or covenant of this Lease.

*Section 15.04. Successors.* This Lease shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, personal representatives, successors and assigns.

*Section 15.05. Entirety, Severability and Law* This Lease shall constitute the entire agreement between the parties and shall not be modified in any manner except by written instrument executed by the parties. The invalidity or unperformability of any provision hereof shall not affect or impair any other provision hereof. Each term and provision hereof shall be performed and enforced to the fullest extent permitted by and in accordance with Kentucky Law.

*Section 15.06. Law of Kentucky.* This Lease shall be governed by the laws of the Commonwealth of Kentucky.

\*\*\*\*\*

IN WITNESS WHEREOF, the Parties herunto, to indicate their understanding of and consent to the foregoing terms, by and through their duly authorized representatives, have executed this Lease as of the date first above written.



Sep 15 11 06:51a

P. 11

FROM : R. Gregory Lathram, Esq.

PHONE NO. : 606 546 2216

P10

CERTIFICATE OF PREPARATION

I hereby certify that the foregoing instrument, being a REAL ESTATE LEASE AGREEMENT, was prepared by me on this the \_\_\_\_ day of May, 1999.

\_\_\_\_\_  
ROSS E. MURRAY, ESQ.  
Law Offices of R. Gregory Lathram, P.S.C.  
113 West Fifth Street  
London, KY 40741  
(606) 862-1600  
ATTORNEY AT LAW

Baldwin lease

EXHIBIT A

PROMISSORY NOTE

\$500,000 \_\_\_\_\_, 2012

FOR VALUE RECEIVED, the undersigned, EDUCATIONAL MEDIA FOUNDATION a California non-profit corporation (the "Maker"), hereby promises to pay to the order of VERNON R. BALDWIN, INC., an Ohio corporation (the "Holder"), at 8686 Michael Lane, Fairfield, Ohio 45014, or at such other address specified by the Holder to the Maker, in lawful money of the United States of America and in immediately available funds, the principal amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000), together with interest accrued thereon in like money.

This Note is issued pursuant to an Asset Purchase Agreement, dated as of October 29, 2012, between the Maker and the Holder (the "Purchase Agreement") relating to the Maker's purchase from Holder of Assets of Station WWLT(FM), Manchester, Kentucky (the "Station"), and is issued on the Closing Date of the transaction contemplated by the Purchase Agreement.

The principal of and interest on the Note shall be amortized over a term of one hundred twenty (120) months commencing thirty (30) days after the date hereof. The loan evidenced by the Note shall bear interest at the rate of five percent (5.0%) per annum. Buyer shall pay monthly, in arrears, installments of principal and interest in the amount of \$5,303.28 each month (the "Monthly Payment"), with the first payment commencing on the 30th day after the date hereof, and continuing on the same calendar date of each succeeding month; provided however, this amount shall be adjusted to reflect any principal prepayments by Maker. If any payment date shall be a day that is not a regular business day, then the Monthly Payment shall be due on the next regular business day thereafter.

Interest shall be calculated on the basis of a year of 365 days for the actual number of days elapsed, including any time extended by reason of payments falling due on Saturdays, Sundays or legal holidays. Buyer may prepay all or any portion of the principal and accrued interest on the Note at any time without penalty.

If any of the following events or conditions (each, an "Event of Default") shall occur:

(a) Default by the Maker in the payment of the Monthly Payment when the same becomes due and payable, which default continues uncured for a period of ten (10) business days after written notice of such default has been given by the Holder to the Maker;

(b) The 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 the Maker any petition or application for relief under any bankruptcy or similar law which is not discharged or dismissed within sixty (60) days after the filing of such petition or application;

(d) Default by the Maker under that certain Security Agreement of even date herewith executed by Maker in favor of the Holder, which default continues uncured within the applicable cure period set forth therein; or

(e) The consummation of the transfer or assignment of the license issued by the Federal Communications Commission for the Station to any third party for which an FCC Form 314 or Form 315 must be filed, provided Maker has not paid all principal and interest due under this Note on the closing date of such transfer or assignment,

then, and in any such Event of Default the Holder may at any time, by written notice to the Maker, declare the entire amount of all principal and interest remaining unpaid on this Note due and payable, whereupon the same shall forthwith become immediately due and payable, provided however, if Holder has not declared the entire amount of all principal and interest remaining unpaid on this Note due and payable Maker may cure such Event of Default if the Monthly Payment received after such ten (10) business day period is accompanied by the amount of \$500 as a late fee (the "Late Fee"), this Late Fee being in addition to all interest charges, and provided further, after the third (3<sup>rd</sup>) such default in the payment of any Monthly Payment, the Late Fee shall be increased by Fifty Dollars (\$50.00) per each subsequent default under subpart (a) thereafter. After an uncured Event of Default, the unpaid principal, collection costs, expenses, Late Fees and accrued interest under this Note, until paid, shall accrue interest commencing on the date of the Event of Default at the rate of the lesser of the London Interbank Offered Rate (LIBOR) plus 10% per annum, or the highest rate allowed by law (the "Default Rate"), compounded daily with such Default Rate to be set, and thereafter adjusted on a monthly basis, on the same day of the month of the Event of Default until this Note, all Late Fees, accrued interest, costs and expenses are paid in full. The Holder of this Note shall be entitled to recover its costs and expenses, including, but not limited to, reasonable attorneys' fees, incurred by Holder after an Event of Default has occurred in collecting such sums as are due under this Note.

All notices and other communications provided for under 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 or delivery to a courier service which guarantees overnight delivery, or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to the Holder, to:

Vernon R. Baldwin, Inc.  
8686 Michael Lane  
Fairfield, OH 45014

with a copy (which shall not  
constitute notice)

John Garziglia, Esq.  
Womble, Carlyle, Sandridge and Rice, LLP  
1200 19<sup>th</sup> Street, NW, Suite 500  
Washington, DC 20036

If to Maker, to:

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

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

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

This Note is secured by that certain Security Agreement of even date herewith executed by Maker in favor of the Holder, and by a security interest in the collateral as defined therein, and upon the occurrence of an Event of Default the Holder may exercise all rights and remedies set forth in such Security Agreement.

This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought. This Note shall be governed by the laws of the Commonwealth of Kentucky. Capitalized terms used but not defined herein have the meaning ascribed to them in the Purchase Agreement.

*[Rest of page intentionally left blank; signature to follow]*

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

**EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_  
Mike Novak  
President/CEO

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of \_\_\_\_\_, 2012, is by and between EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Debtor"), and VERNON R. BALDWIN, INC., an Ohio corporation ("Secured Party").

Concurrently herewith, and in accordance with that certain Asset Purchase Agreement, dated as of October 29, 2012, (the "Purchase Agreement"), entered into by and between Debtor and Secured Party pursuant to which Debtor agreed to purchase from Secured Party substantially all of the assets and licenses used in the operation of broadcast station WWLT(FM), Manchester, Kentucky (the "Station"), Secured Party is lending an aggregate principal amount of Five Hundred Thousand Dollars (\$500,000) to the Debtor thereon, which is evidenced by a certain Promissory Note of even date herewith in favor of the Secured Party (the "Note") executed in connection with the Purchase Agreement and delivered to Secured Party.

In order to secure repayment of the Note, interest payable, and any other amounts due and owing to Secured Party thereunder, including all costs and expenses incurred with respect to the collection of the Note or the enforcement of the Note (the "Obligations"), Debtor has agreed to grant a security interest to Secured Party in certain assets of Debtor described below.

All capitalized terms, unless otherwise defined herein, shall have the meanings set forth in the Note.

SECTION 1. Security.

- (a) As security for the payment of the Obligations, Debtor hereby grants to Secured Party a continuing security interest in the Collateral set forth in Schedule 1.
- (b) Debtor irrevocably appoints Secured Party as its lawful attorney-in-fact and agent for the limited purpose of executing, on its behalf, financing statements and any assignment documents and to file on its behalf appropriate financing statements.
- (c) Debtor hereby represents and warrants to Secured Party that: (i) except for the lien granted by the Debtor in favor of the Secured Party pursuant to this Security Agreement, Debtor is, or to the extent that certain of the Collateral is to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance; and (ii) to the best of Debtor's knowledge, no financing statement covering the Collateral is on file in any public office, other than the financing statements filed pursuant to this Security Agreement.

**SECTION 2. Covenants of Debtor.**

Debtor hereby covenants that:

(a) Debtor will defend the Collateral against any claims and demands of all other persons at any time claiming the same or an interest therein which would conflict with any claim or interest of Secured Party. Debtor will maintain the tangible 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 equipment of substantially equivalent value. Debtor will not encumber, sell, transfer, assign, abandon or otherwise dispose of the Collateral except for: (i) sale or transfer of Inventory, and cancellation of Insurance (subject to Section 2(b) hereof) in the ordinary course of business, (ii) 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, (iii) liens arising from legal proceedings, so long as such proceedings are being contested in good faith by appropriate proceedings diligently conducted and so long as execution is stayed on all judgments resulting from any such proceedings, (iv) liens created by this Security Agreement, (v) dispositions of items of Equipment no longer useful to Debtor in the ordinary course of business, and (vi) trade-ins, replacements or exchanges of items of Equipment for other items of Equipment having an equal or greater value (in excess of any purchase money liens on such items) and useful in Debtor's business.

(b) Debtor will have and maintain insurance in the amount of the equal to the Obligations 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, will have Secured Party named as a loss payee, and will provide proof of insurance to Secured Party upon the execution of this Security Agreement and thereafter for every insurance policy renewal period.

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

(d) Debtor will pay promptly when due all taxes and assessments upon the Collateral owned by Debtor or upon its use or sale unless such taxes or assessments are being contested in good faith by Debtor. At its option, Secured Party may discharge taxes, liens or other encumbrances at any time levied against or placed on the Collateral which have not been stayed as to execution and contested with due diligence in appropriate legal proceedings, and Secured Party may pay for insurance on the Collateral if Debtor has failed to comply with such obligation and may pay for 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.

(e) 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 and things as may be necessary or appropriate to establish, perfect and maintain a valid security interest in the Collateral as security for the Obligations, 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.

**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 the Note and Secured Party's acceleration of such Note; or

(ii) any representation or warranty made by Debtor in this Security Agreement shall prove to have been incorrect in any material respect on or as of the date made or deemed made, 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 failure; or

(iii) Debtor shall fail to perform or observe any material term, covenant, or agreement contained in this Security 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.

(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 Uniform Commercial Code, 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. 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 of Debtor's Obligations, and Debtor shall remain, liable for any deficiency.

(c) 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 Federal Communications Commission ("FCC") authorizations to such bidder or other purchaser. In that regard, Debtor agrees to 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.

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

Upon the occurrence of an Event of Default pursuant to Section 3(a) hereof, Secured Party shall have the following rights and powers in addition to those specified in Section 3 above:

(a) 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.

(b) 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 pursuant to Section 3(a), but subject to the provisions of Section 8 hereof, 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.

(c) In the event of a sale of the Collateral as provided for herein, Debtor will without compensation cooperate with the purchaser of the Collateral in promptly preparing and filing and diligently prosecuting all necessary applications before the FCC for the assignment of the Station's FCC authorizations to the purchaser of the Collateral, it being acknowledged and agreed that the FCC authorizations are a material part of the Stations in the absence of which the value of the Collateral would be significantly reduced. In the case of Debtor's non-performance or breach of the obligations contained in this Agreement, Debtor shall be subject to a decree of specific

performance in addition to a judgment for money damages. The Secured Party shall be entitled to seek the appointment of a receiver or other person selected by the Secured Party or any court of competent jurisdiction, acting individually or through the use of one or more employees, agents, contractors or other parties (collectively, a "Receiver"), and the Receiver shall have the authority, to take possession of, operate, manage, repair, improve and otherwise generally deal with, and to sell, exchange, dispose of or otherwise transfer, all or any part of the Collateral, including an offering for sale of the Station's FCC authorizations and seeking FCC consent for such sale, and including, without limitation, that Collateral which is used or is usable in connection with or which otherwise relates to the Station or other broadcast rights, in each case to the extent so directed by the Secured Party or such court, as the case may be, and in each case to the extent not inconsistent with, and subject to such approvals as may be required under, applicable laws, rules and regulations, including, without limitation, those of the FCC. The Debtor further agrees that any such sale, exchange, disposition or other transfer of all or any part of the Collateral by or on behalf of a Receiver pursuant to any court approved sale, exchange, disposition or other transfer, shall constitute a commercially reasonable sale thereof for purposes of the Code and other applicable law, and the same shall be the case notwithstanding that the sale, exchange, disposition or other transfer of a portion of the Collateral included in any such sale, exchange, disposition or other transfer is not subject to FCC or other governmental approval. The Debtor agrees to reimburse the Receiver for, and indemnifies the Receiver from and against, all liabilities, damages, losses, expenses and other liabilities of any nature whatsoever reasonably incurred or suffered by the Receiver in connection with any activities contemplated by this subsection or otherwise authorized by any court of competent jurisdiction in connection with the enforcement of any of the Secured Party's rights or remedies under this Agreement or applicable law.

#### **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 or person 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 not in Secured Party's possession, and Secured Party's duty with reference to Collateral in its possession shall be to use reasonable care in the custody and preservation of such Collateral, but such duty shall not require Secured Party to engage in the collection of income thereon, the collection of debt or the taking of steps necessary to preserve rights against prior 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) No delay or omission by Secured Party in exercising any of its rights hereunder shall be deemed to constitute a waiver thereof. 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 Commonwealth of Kentucky, without regard to its principles of conflict of laws. Any legal action brought under this Agreement or any document related to this transaction shall be brought in courts having jurisdiction over claims arising in Clay County, Kentucky. 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.

(c) 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, or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Secured Party, to:

Vernon R. Baldwin, Inc.  
8686 Michael Lane  
Fairfield, OH 45014

with a copy (which shall not  
constitute notice)

John Garziglia, Esq.  
Womble, Carlyle, Sandridge and Rice, LLP  
1200 19<sup>th</sup> Street, NW, Suite 500  
Washington, DC 20036

If to Debtor, to:

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

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

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

**SECTION 8. FCC Approval.**

(a) 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 operational, voting, or other control of Debtor or affect the ownership of the FCC authorizations, shall be pursuant to Section 310(d) of the Communications Act of 1934, as amended (the "Communications Act"), and to the applicable rules and regulations of the FCC and, if and to the extent required thereby, subject to the prior consent to the FCC and any other applicable governmental authority. Notwithstanding anything to the contrary contained herein, Secured Party will not take any action pursuant hereto that would constitute or result in any assignment of the FCC Licenses if such assignment of license would require under then existing law (including the Communications Act), the prior approval of the FCC, without first obtaining such approval of the FCC and notifying the FCC of the consummation of such assignment (to the extent required to do so).

IN WITNESS WHEREOF, the parties hereto have caused this Security 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/CEO

**VERNON R. BALDWIN, INC.**

By: \_\_\_\_\_  
Marcella Baldwin  
President

## SCHEDULE 1

The following Equipment, Inventory, General Intangibles, Governmental Authorizations, Accounts, Transmitter Site Lease, Real Property and Insurance which are primarily used or held for use in the ownership and operation of the FM radio station WWLT(FM) Manchester, Kentucky (FCC Facility ID No. 72442) (or any successor call sign)(the "*Station*") are collectively referred to as the "Collateral":

(a) All furniture, fixtures, equipment, inventory, books and records, programming, music libraries, computer hardware and software, auxiliary and translator facilities, transmitting towers, transmitters, antennas, antenna line and other electronic equipment and parts, supplies, and other tangible and intangible personal property of Debtor, now owned including property listed below, or property hereafter acquired, located within the 54 dBu coverage area relating to the ownership and operation of the Station ("*Market Area*") as well as any replacements for such property and the proceeds or products from the sale of such property (the "*Equipment*");

(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 or arising general intangibles and other intangible personal property used solely in the operation of the Station (the "*General Intangibles*");

(d) To the extent permitted by law, any and all construction permits, licenses, and authorizations issued or granted to Debtor by the FCC or any other governmental entity used in connection with the operation of the Station and any auxiliary or translator broadcast or other facility associated with the Station, including successor variants of any call sign for the foregoing. The parties recognize that as of the date of this Agreement, it is generally acknowledged that the Communications Act of 1934, as amended, and the rules and regulations of the FCC, do not permit a security interest to extend to a radio station's FCC construction permits, licenses, and authorizations; however, they also recognize that courts have held that security interests are permitted to extend to the proceeds of the sale, transfer, or other disposition of such FCC construction permits, licenses, and authorizations, and the parties agree that if this security interest continues not to be permitted to include Debtor's FCC construction permits, licenses, and authorizations, that the security interest shall extend to the proceeds of the sale, transfer, or other disposition of such FCC construction permits, licenses, and authorizations. If the law in this regard is subsequently changed, in whole or in part, then all of the right, title, and interest of Debtor in and to any FCC construction permits, licenses, and authorizations, whether now held or hereafter acquired but related to the

Station, shall automatically and immediately become subject to the Secured Party's security interest to the maximum extent permitted by law as then in force and effect (the "*Governmental Authorizations*");

(e) All of Debtor's funds located in "accounts", as that term is defined in Article 9 of the Uniform Commercial Code, now existing or hereafter arising solely in the operation of the Station or from pledges made by Station donors' located in the Market Area (as determined by zip code) (the "*Accounts*");

(f) All of Debtor's rights under that certain Real Estate Lease Agreement as evidenced by that certain Memorandum of Lease entered into as of May 29, 1999 by and between Letcher T. White as Administrator of the estate of John C. White and Wilderness Hills, Inc., any renewal, successor or new lease between Debtor and Lessor for any real property consisting of or comprising any portion of the Real Estate Lease Agreement, or any additional, substitute or new lease for real property used for the tower site or transmission facilities for Station (the "*Transmitter Site Lease*");

(g) All other rights to any real property now existing or hereafter acquired or leased which is used for the tower site or transmission facilities for the Station (the "*Real Property*"); and

(h) All insurance policies held by the Debtor or naming the 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*").

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 54 dBu coverage area of the Station, (b) any interest in Debtor's listener pledges and donations (including records of the foregoing), (c) any of Debtor's slogans, logos, jingles, programming, program formats, trademarks, trade names, service marks, copyrights and applications for any of the foregoing, and all goodwill associated therewith, and other similar intangible rights and interests issued to or owned by Debtor in connection with the operation of the Station, or (d) any intangible property of Debtor which is also used in connection with Debtor's ownership and operation of its other broadcast stations and facilities.

Except for indebtedness of the repayment of the Note, interest payable, and any other amounts due and owing to Secured Party thereunder, including all costs and expenses incurred with respect to the collection of the Note or the enforcement of the Note, the Obligations do not include, and this Security Agreement does not secure, any liability, obligation or indebtedness of Debtor to Secured Party, whether now existing or hereafter arising and howsoever evidenced.

Listing of Equipment Included in Collateral

<u>Item</u>	<u>Location</u>	<u>Model Number</u>	<u>Serial Number</u>
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