

## ESCROW AGREEMENT

This ESCROW AGREEMENT ("Escrow Agreement") is made and entered into this day of May, 2010, by and among **Penfold Communications, Inc.** ("Seller") and **Calvary Chapel of Costa Mesa, Inc.** ("Buyer"), and **John C. Trent, Esquire** (jointly the "Escrow Agent"). The Seller, Buyer and Escrow Agent are referred to collectively herein as "Parties" and individually as a "Party." Z<sup>th</sup>  
V. DC

### WITNESSETH

WHEREAS, on the date hereof, Seller and Buyer entered into an asset purchase agreement for the sale and purchase of Radio Broadcast Station KRTM (FM), Temecula, California (Facility ID # 52141) (the "Purchase Agreement"); and

WHEREAS, the Parties desire Escrow Agent to hold and Escrow Agent is willing to hold certain deposit monies in escrow as contemplated by the Purchase Agreement.

NOW, THEREFORE, in consideration of the material covenants contained herein, the Parties, intending to be legally bound, agree as follows:

1. **ESCROW DEPOSIT.** Escrow Agent hereby acknowledge that Buyer has deposited with Escrow Agent the sum of **One Hundred Fifty Thousand Dollars (\$150,000.00)** (the "Escrow Deposit") as contemplated by Paragraph 4 of the Purchase Agreement. The Escrow Deposit shall be deposited in an interest bearing account with the Business Bank, Tyson's Corner, Virginia, and the Escrow Deposit together with all accrued interest thereon (collectively, the "Escrowed Funds") shall be held and released by the Escrow Agent in accordance with the terms of this Escrow Agreement.

2. **RELEASE FROM ESCROW.**

2.1 The Escrow Agent shall retain the Escrowed Funds, which shall be released only upon receipt of (i) joint written instructions executed by each of Seller and Buyer, as so directed therein or (ii) a final order of a court of competent jurisdiction. An order shall be deemed "final" when, by lapse of time or otherwise, it is no longer subject to review, reconsideration, appeal or stay. Escrow Agent shall in no event be required to resolve any controversy concerning the Escrowed Funds or take any action concerning any such controversy. Upon termination of the escrow provided for herein, Buyer and Seller agree to execute and deliver to Escrow Agent such further documents as Escrow Agent may reasonably request to evidence the termination of this Escrow Agreement and to cause Escrow Agent to release the Escrowed Funds.

2.2 Notwithstanding any other provision of this Escrow Agreement to the contrary, Buyer and Seller agree to execute and deliver to the Escrow Agent joint written instructions as generally contemplated by Section 2.1 above so as to effectuate fully the provisions of the Purchase Agreement concerning the disposition of the Escrowed Funds upon

the termination of the Purchase Agreement, or the occurrence of certain other events specified in the Purchase Agreement.

### 3. ESCROW AGENT OBLIGATIONS

3.1. Resignation and Removal. The Escrow Agent may resign and be discharged from its duties hereunder at any time by giving notice of such resignation to the other Parties hereto specifying a date not less than thirty (30) days after the giving of such notice when such resignation shall take effect. Promptly after such notice, a successor Escrow Agent shall be appointed by mutual agreement of Seller and Buyer, such successor to become the Escrow Agent hereunder upon the resignation date specified in such notice. If Seller and Buyer are unable to agree upon a successor Escrow Agent within twenty (20) days after such notice, the Escrow Agent shall be entitled to appoint its successor, which shall be a bank or similar financial institution. The Escrow Agent shall continue to serve as Escrow Agent until its successor has assumed in writing the Escrow Agent's obligations hereunder and receives the Escrowed Funds. Seller and Buyer may agree at any time to substitute a successor Escrow Agent by giving notice thereof to the Escrow Agent then acting.

#### 3.2. Performance.

(a) The duties and responsibilities of the Escrow Agent are limited to those specifically set forth herein. The Escrow Agent shall not be liable for any mistake of fact or error of judgment made in good faith or for any acts or omissions by it of any kind other than willful misconduct or gross negligence. The Escrow Agent shall be entitled to rely, and shall be protected in doing so, upon (i) any written notice, instrument or signature believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties duly authorized to do so, and (ii) the advice of counsel (which may be of the Escrow Agent's own choosing). The Escrow Agent shall have no responsibility for the contents of any writing submitted to it hereunder and shall be entitled in good faith to rely without any liability upon the contents thereof. Moreover, the Escrow Agent shall have no responsibility to maximize the interest earned on the Escrow Deposit, nor will the Escrow Agent be liable for any failure of the institution in which the Escrowed Funds are being held.

(b) In the event of any dispute relating to the right of possession or the disposition of the Escrowed Funds, the Escrow Agent will retain dominion and control over the Escrowed Funds until such dispute shall either have been settled by mutual agreement of Buyer and Seller with notice thereof to Escrow Agent or pursuant to a final order of a court of competent jurisdiction, whereupon the Escrowed Funds will be paid over in accordance with such mutual agreement of the Parties or such final order. If a dispute relating to the right of possession or the disposition of the Escrowed Funds is taken to a court of competent jurisdiction, the Escrow Agent reserves the right to institute an interpleader action as set forth in paragraph 3.4, below. It is contemplated that the Escrow Agent will not incur any cost or expense in the performance of its duties hereunder; and, in the event of a dispute, Escrow Agent shall be reimbursed for reasonable attorneys' fees and out-of-pocket expenses incurred in connection with

such dispute and the settlement thereof as provided in paragraph 3.4, below. In no event shall Escrow Agent be under any duty to institute or defend any such proceeding nor shall Escrow Agent be required under any circumstances to take any action requested by Seller or Buyer until indemnified to Escrow Agent's reasonable satisfaction by the Party or Parties requesting such action.

3.3. Indemnification. Seller and Buyer, jointly and severally, agree to indemnify the Escrow Agent and hold it harmless against any and all liabilities incurred by it hereunder, except for liabilities incurred by the Escrow Agent resulting from its own willful misconduct or gross negligence. As between Seller and Buyer, each Party shall be responsible for the payment of one-half of any such liabilities.

3.4. Interpleader. If, at any time prior to the termination of this Escrow Agreement as provided herein, either Buyer or Seller should make demand upon or file suit against the Escrow Agent for the Escrowed Funds, the Escrow Agent shall be authorized to bring an interpleader action in any court of competent jurisdiction. If a suit is commenced against the Escrow Agent, it may answer by way of interpleader and name Buyer and Seller (or either of them) as additional parties to such action, and the Escrow Agent may tender the Escrowed Funds into such court for determination of the respective rights of Seller and Buyer thereto. Upon such tender, the Escrow Agent shall be entitled to receive from Seller and Buyer Escrow Agent's reasonable attorney's fees and expenses incurred in connection with said interpleader action. As between Seller and Buyer, such fees, expenses and other sums shall be paid in the case of a dispute between Buyer and Seller by the Party which fails to prevail in the proceedings brought in a court of competent jurisdiction to determine the appropriate distribution of the Escrowed Funds or, in the case of a claim against the Escrowed Funds by a third party claiming by or through Seller or Buyer, by Seller or Buyer, as the case may be. If and when the Escrow Agent shall so interplead such Parties, or either of them, and deliver the Escrowed Funds to the clerk of such court, all of its duties shall cease and it shall have no further obligations hereunder. Nothing herein shall prejudice any other right or remedy of the Escrow Agent.

3.5. Discharge by Delivery. After the Escrow Agent has delivered the Escrowed Funds pursuant to the terms of this Escrow Agreement, the Escrow Agent shall have discharged all of its obligations hereunder and neither Seller nor Buyer shall thereafter have any claim against the Escrow Agent on account of this Escrow Agreement.

3.6. Conflict. In the event of any conflict between the terms and provisions of this Escrow Agreement and those of the Purchase Agreement, the terms and provisions of this Escrow Agreement shall control as to the rights, duties, obligations and liabilities of the Escrow Agent, and the terms of the Purchase Agreement shall control as to the respective rights, duties, obligations and liabilities of Seller and Buyer.

#### 4. MISCELLANEOUS.

4.1. **Assignment.** Except as may be provided in the Purchase Agreement and in Section 3.1 of this Escrow Agreement, no Party may assign its rights and obligations hereunder without the prior written consent of the other Parties.

4.2. **Binding Effect.** This Escrow Agreement will be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assignees of the Parties.

4.3. **Entire Agreement; Amendments.** This Escrow Agreement, as read in conjunction with the Purchase Agreement, contains the entire understanding of the Parties with respect to the subject matter hereof and may be amended only by written instrument duly executed by all the Parties.

4.4. **Notices.** Any Notices required or permitted to be given under this Agreement by either Party to the other may be effected by certified mail, postage prepaid with return receipt requested, or by USPS express air service, overnight air courier service or same day delivery service, and addressed as follows:

*if to Seller:*

Penfold Communications, Inc.  
159 Crooked Creek  
Aledo, TX 76008  
Attention: Jeffrey W. Smith, President

*if to Buyer:*

Calvary Chapel of Costa Mesa, Inc.  
3000 W. MacArthur Blvd.  
Suite 500  
Santa Ana, CA 92704  
Attention: Charles W. Smith, President

If to Escrow Agent:

John C. Trent, Esquire  
Putbren Hunsaker & Trent, P.C.  
200 S. Church Street  
Woodstock, Virginia 22664

Notices shall be addressed to the Parties at the addresses given above, but each Party may change its address by written Notice to the other Party in accordance with this Section. Notice shall be deemed to have been given three business days after mailing if sent by registered or certified mail, or on the next business day if sent by USPS express mail or overnight air courier, or on the same day delivered by a same day delivery service. The provision of notice by telephone facsimile or to counsel shall not constitute Notice under this Agreement.

4.5. Governing Law. This Escrow Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Virginia, without regard to the conflict of law rules utilized in that jurisdiction.

4.6. Counterparts. This Escrow Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

4.7. Continuing Effect. This Escrow Agreement shall remain in full force and effect until the Escrow Agent has delivered the Escrowed Funds and any monies and earnings thereon and other instruments held by it pursuant to this Escrow Agreement in accordance with the terms hereof.

4.8. Headings. Section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Escrow Agreement.

4.9. Waiver. All Parties acknowledge that the Escrow Agent are acting as Escrow Agent as an accommodation to both Buyer and Seller. By execution of this Agreement, both Buyer and Seller acknowledge the potential for conflict but specifically waive any claim or right to make a claim that the Escrow Agent. Seller and Buyer agree that information conveyed to the Escrow Agent during the course and scope of Escrow Agent's duties, as Escrow Agent only, shall not be considered confidential by Seller or Buyer. Finally, Buyer and Seller agree that in the event that there exists an actual controversy between Buyer and Seller, the Escrow Agent can interplead the Escrowed Funds, resign as Escrow Agent and represent Seller with respect to the subject matter of the controversy.

*[Signatures Page]*

IN WITNESS WHEREOF, this Escrow Agreement has been duly executed and delivered by the Parties as of the date first written above.

**SELLER**

**PENFOLD COMMUNICATIONS, INC.**

By: \_\_\_\_\_  
Jeffrey W. Smith, President

**BUYER**

**CALVARY CHAPEL OF COSTA MESA, INC.**

By: \_\_\_\_\_  
Charles W. Smith, President

**ESCROW AGENT**

**JOHN C. TRENT, ESQUIRE**

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**[Signatures Page]**

IN WITNESS WHEREOF, this Escrow Agreement has been duly executed and delivered by the Parties as of the date first written above.

**SELLER**

**PENFOLD COMMUNICATIONS, INC.**

By:   
Jeffrey W. Smith, President

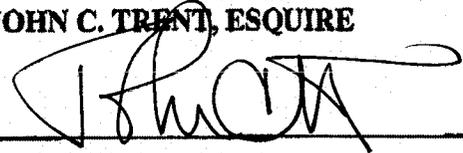
**BUYER**

**CALVARY CHAPEL OF COSTA MESA, INC.**

By: \_\_\_\_\_  
Charles W. Smith, President

**ESCROW AGENT**

**JOHN C. TRENT, ESQUIRE**

  
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