

## NETWORK AFFILIATION AGREEMENT

This Agreement ("Agreement") is made as of this 7<sup>th</sup> day of March, 2003 by and between EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation (hereinafter referred to as "EMF"), and Hawes-Saunders Radio Group, Inc., a Delaware corporation (hereinafter referred to as "Licensee").

### WITNESSETH:

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

WHEREAS, Licensee is the licensee of Radio Broadcast Station WRNB(FM), licensed to Troy, Ohio (the "Station"); and

WHEREAS, Licensee and EMF will have contemporaneously entered into a Stock Purchase Agreement (the "Purchase Agreement") which provides that Licensee will sell and EMF will purchase the stock of Licensee, on the terms and subject to the conditions set forth therein.

WHEREAS, Beginning as of 12:01 a.m. on March 10, 2003, and continuing until the closing of the transaction contemplated by the Purchase Agreement, EMF desires to purchase programming time on the Station in order to rebroadcast K-LOVE's programming from the facilities of the Station, and Licensee desires to sell this time to EMF;

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

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

1. Programming. Subject to the terms of this Agreement, Licensee agrees to sell and EMF agrees to purchase program time on the Station as set forth in this Agreement. Simultaneously upon receipt of K-LOVE's signal, Licensee agrees to rebroadcast the signal of K-LOVE on the facilities of the Station without interruption, deletion, or addition of any kind, except as otherwise expressly permitted herein.

2. Term. The term of this Agreement shall commence at 12:01 a.m. on March 10, 2003, (the "Effective Date") and, unless earlier terminated as provided in this Agreement, shall continue for a period of six months ("the Initial Term"). The term shall automatically renew for subsequent periods of three months each ("the Renewal Term") unless either party gives written notice to the other party thirty days in advance of the expiration of the given Initial Term or

Renewal Term.

3. Hours of Programming. EMF will supply the signal of K-LOVE during all hours of the Station's operations as long as this Agreement remains in force, and Licensee will transmit all programming supplied by EMF, except as otherwise provided in Sections 4 and 5 below and subject to the provisions set forth in Section 16 below with respect to force majeure. EMF will provide all such programming, produced at its own cost and expense. EMF shall install a satellite-receive dish at a mutually agreed upon location at the Station's studios to receive the K-LOVE signal.

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

5. Change in Call Letters. Upon the Effective Date, or as soon as practical thereafter, Licensee shall file an Exchange Request with the FCC to change the call letters of the Station to call letters acceptable to EMF and available for registration with the FCC and to transfer the call letters WRNB to a third party. EMF shall have no right to the value of the transfer of the call letters WRNB to any third party.

6. Licensee's Regulatory Obligations.

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

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

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

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

(b) In the event that Licensee rejects any of EMF's programming pursuant to subparagraph (a)(i) above, Licensee shall, insofar as practicable, give EMF reasonable prior notice of its objection to EMF's proposed programs, including the basis for such objection, and shall use all reasonable efforts to give EMF a reasonable opportunity to substitute acceptable

programming. EMF shall air the Station's hourly station identification announcements on behalf of Licensee so that such announcements are aired in accordance with FCC rules.

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

(d) EMF shall cooperate with Licensee to assist Licensee in complying with the provisions of the Communications Act regarding political advertising for federal candidates. EMF shall supply such information promptly to Licensee as may be necessary to comply with the equal opportunity and reasonable access requirements of the Communications Act.

#### 7. Operation of the Station.

(a) Licensee shall employ at its expense such employees to direct the day-to-day operations of the Station as may be necessary to comply with the provisions of the Communications Act regarding main studio staffing and such additional personnel as shall be necessary to enable Licensee to perform its obligations under this Agreement. All such employees will report to and be accountable solely to Licensee.

(b) Licensee shall be solely responsible for and shall pay in a timely manner all operating costs of the Station, including costs of maintaining and repairing the studio facilities, the Station's transmitters and antennae, the cost of electricity and other utilities, rental payments, taxes and the salaries, taxes, insurance and related costs for all personnel employed by the Station.

(c) At its own expense, and in compliance with any statutes, rules, regulations and policies of the FCC, EMF may provide and install any equipment it deems necessary or useful to supply its programming to the Station, under the supervision of Licensee. Upon termination of this Agreement, such property will remain the sole property of EMF and EMF shall promptly remove all such equipment from the premises of the Station. EMF may, at its option, use Licensee's studios and other facilities to exercise its rights and perform its obligations under this Agreement. Subject to Licensee's continuing compliance with the provisions of Section 12 (e) hereof, EMF may begin removing equipment used in the operation of the Station from the Licensee's studio site ("Studio Equipment") at any time after the Effective Date, and EMF shall remove all Studio Equipment no later than May 1, 2003. In the event this Agreement is terminated pursuant to Section 14, EMF shall return the Studio Equipment to its original location at the Station's studios or such other location as instructed by Licensee upon termination. EMF shall maintain the Studio Equipment in as good state of repair and operating condition as received on the Effective Date, less normal wear and tear.

(d) The Station's accounts receivable accruing or relating to the period before the Effective Date shall be owned by Licensee.

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

9. Consideration. In consideration for the air time made available by Licensee under this Agreement during the term hereof EMF shall pay Licensee the monthly sum set forth below ("the Monthly Payment"), payable in advance on or before the first calendar day of each month:

Six Thousand Dollars (\$6,000.00).

10. Credits. The amounts payable to Licensee pursuant to Section 9 above shall be reduced on a pro rata basis for any month in which: (a) Licensee voluntarily decides to preempt EMF's programming pursuant to Section 6(a)(i) or (ii) of this Agreement; or (b) the Station is unable, due to a failure of the equipment maintained by Licensee, to meet the minimum programming requirement set forth in Section 3 above with respect to the broadcast of EMF's programming, in each case such reduction to be based upon the hours or fractional hours by which the Station fails to meet that minimum hour requirement. EMF shall be entitled to a credit in the amount of the reduction against any subsequent payment required to be made to Licensee under Section 9 above.

11. Limited Grant. Nothing herein contained shall be construed as an assignment or grant to Licensee of any right, title or interest in or to any titles, names, logos, slogans, jingles, trademarks, copyrights, ideas, formulas, general program content and/or other literary, musical, artistic or creative material broadcast by or associated with K-LOVE or EMF beyond the grant of a limited rebroadcast consent on the terms herein specified. All rights not specifically granted to Licensee hereunder in and to K-LOVE's programming and signal and the content thereof are reserved to EMF for its sole and exclusive use, disposition and exploitation. Moreover, the parties hereto understand and agree that third persons may hold copyrights or other legal rights in and to certain programs broadcast on K-LOVE and that the right to rebroadcast K-LOVE's signal granted hereunder shall not be deemed in any way to cover, convey or transfer such rights of third persons.

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

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

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

(c) Licensee shall operate the Station and shall maintain the Station's facilities in material compliance with the Communications Act and all applicable rules, policies and regulations of the FCC, including but not limited to the FCC's sponsorship identification rules.

(d) Licensee shall retain, on a full-time, part-time, or contract basis, a qualified engineer who shall be responsible for maintaining the transmission facilities of the Station. Licensee shall employ a chief operator, as that term is defined by the rules and regulations of the FCC (who may also hold the position of engineer), who shall be responsible for maintaining compliance by the Station with the technical operating and reporting requirements established by the FCC. Licensee shall be responsible for ensuring that qualified control operators monitor and control the Station's transmissions in material conformity with FCC requirements.

(e) Licensee shall maintain a main studio and staff in material conformity with FCC requirements at all times during the term hereof. Licensee shall maintain an appropriate public inspection file, and shall maintain that file as may be required by present or future FCC rules and regulations.

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

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

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

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

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

14. Termination.

(a) EMF's Events of Default. The occurrence and continuation of any of the following will be deemed an Event of Default by EMF under this Agreement:

- (i) EMF fails to make any Monthly Payment;
- (ii) EMF fails to observe or perform any other material covenant, condition or agreement contained in this Agreement;
- (iii) EMF breaches or violates any material representation or warranty made by it under this Agreement ;or
- (iv) the Purchase Agreement is terminated pursuant to Section 9.1(f) thereof.

(b) Licensee's Events of Default. The occurrence and continuation of any of the following will be deemed an Event of Default by Licensee under this Agreement:

- (i) Licensee fails to observe or perform any material covenant, condition or agreement contained in this Agreement; or
- (ii) Licensee breaches or violates any material representation or warranty made by it under this Agreement.

(c) Cure Period. EMF shall have five (5) days from the date that Licensee has provided EMF with written notice that EMF is in default in its obligation to make the Monthly Payment to cure such Event of Default. In the case of all other Events of Default, the defaulting party shall have thirty (30) days from the date on which EMF has provided Licensee or Licensee has provided EMF, as the case may be, with written notice specifying the Event(s) of Default to cure any such Event(s) of Default. If the Event of Default cannot be cured by the defaulting party within the specified time period but commercially reasonable efforts are being made to effect a cure or otherwise secure or protect the interests of the non-defaulting party (in which case, if successful, the Event of Default shall be deemed cured), then the defaulting party shall have an additional period not to exceed thirty (30) days to effect a cure or a deemed cure; provided, however, that such additional thirty-day period shall not be available in the case of a default under Section 14(a) above.

(d) Termination for Uncured Event of Default. If an Event of Default by EMF has not been cured or deemed cured within the period set forth in Section 14(c) above, then Licensee may terminate this Agreement immediately upon written notice to EMF, and shall be entitled to pursue the remedy provided for under the Purchase Agreement, i.e. disbursement of the Deposit to Licensee as liquidated damages for an Event of Default under Section 14(a)(iv) hereof. If an Event of Default by Licensee has not been cured or deemed cured within the periods set forth in Section

14(c) above, then EMF may terminate this Agreement immediately upon written notice to Licensee, and pursue all remedies provided for under the Purchase Agreement.

(e) Termination Related to Purchase Agreement. Notwithstanding Sections 14(c) and (d) above, this Agreement shall terminate immediately upon the Closing Date (as defined in the Purchase Agreement) or upon termination of the Purchase Agreement pursuant to Section 9.1 (a) through (e) and (g) thereof. Either party may immediately terminate this Agreement if the Purchase Agreement is terminated because of a material default. The parties shall be entitled to pursue all remedies provided for under the Purchase Agreement.

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

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

15. Indemnification.

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

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

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

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

18. No Joint Venture. Nothing contained herein shall be deemed to create any joint venture, partnership, or principal-agent relationship between EMF and Licensee, and neither shall hold itself out in any manner which indicates any such relationship with the other.

19. Time Is Of The Essence. Time is of the Essence in the performance of all obligations hereunder.

20. Mutual Cooperation. The parties agree to mutually cooperate so as to effectuate the purposes of this Agreement, and to use good faith efforts to provide mutual assistance to resolve disputes that may arise hereunder. The parties agree, in the event of a dispute that they cannot mutually resolve, that they will make reasonable efforts to pursue non-binding mediation utilizing the services of a mutually agreeable third party prior to commencing litigation (or, in the event litigation must be commenced in order to preserve a legal claim, such mediation will be used to attempt to resolve the dispute early in the litigation process).

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

If to Licensee, to:

Hawes-Saunders Radio Group, Inc.  
c/o Patrick Communications, LLC  
5014 Dorsey Hall Drive  
Suite 205  
Ellicott City, MD 21042  
ATTN: W. Lawrence Patrick

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

Christina T. Brumley, Esq.  
Jackson Kelly PLLC  
1600 Laidley Tower  
P.O. Box 553  
Charleston, WV 25322

If to EMF, to:

Mr. Richard Jenkins  
President  
Educational Media Foundation  
5700 West Oaks Boulevard  
Rocklin, CA 95765

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

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

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

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

*[THE NEXT PAGE IS THE SIGNATURE PAGE]*

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

**HAWES-SAUNDERS RADIO GROUP, INC.**

By: W. Lawrence Patrick  
W. Lawrence Patrick  
Interim Manager

**EDUCATIONAL MEDIA FOUNDATION**

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

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

**HAWES-SAUNDERS RADIO GROUP, INC.**

By: \_\_\_\_\_  
W. Lawrence Patrick  
Interim Manager

**EDUCATIONAL MEDIA FOUNDATION**

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