

## **EXCHANGE AND OPTION AGREEMENT**

THIS ASSIGNMENT AND OPTION AGREEMENT (this "*Agreement*") is made and entered into as of the 11 day of November 2004 by and between Your Christian Companion Network, Inc. a California not-for-profit corporation ("YCC"), Horizon Christian Fellowship, a California not-for-profit corporation ("*Horizon*") and Edgewater Broadcasting, Inc. an Idaho not-for-profit corporation ("*EB*").

### **Recitals**

WHEREAS YCC has been authorized by the Federal Communications Commission ("*FCC*") to operate as the licensee of non-commercial FM translator K206CQ, Spokane, Washington, the facility described herein on the attached Addendum A (the "*License*");

WHEREAS EB has applied for and been granted by the FCC a construction permit for new FM commercial translator K259AY, Reno, Nevada, as described herein on the attached Addendum B (the "*Construction Permit*");

WHEREAS YCC and EB desire to make an in-kind exchange of the License and the Construction Permit;

WHEREAS Horizon, in turn, desires to obtain the License, subject to the terms and conditions specified herein;

Whereas YCC desires to obtain the Construction Permit subject to the terms and conditions specified herein;

WHEREAS YCC desires to obtain an additional construction permit for a new FM translator, yet to be named, from EB subject to the terms and conditions specified in herein;

WHEREAS YCC desires to obtain the option to acquire another construction permit from EB of equal value subject to the terms and conditions specified herein; and

WHEREAS, Prior FCC approval for the transactions contemplated hereunder is required.

### **Agreement**

IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. The Exchange. Under the conditions contained herein and as agreed to by the parties, YCC hereby agrees to assign and Horizon agrees to accept the License and EB hereby agrees to assign and YCC agrees to accept the Construction Permit, as follows:

(a) Consideration.

- (i) At closing, as defined below, Horizon shall provide reimbursement to YCC for the costs of equipment and installation in connection with the License (K206CQ, Spokane, WA) in the amount of Twelve Thousand Dollars (\$12,000.00) (the "*Equipment Reimbursement*");
  - (ii) At closing, as defined below, EB shall transfer and assign the Construction Permit to YCC, YCC shall transfer and assign the License to Horizon and Horizon shall pay the sum of Forty-Three Thousand Dollars (\$43,000) to EB (the "*Purchase Price*"); and
  - (iii) At closing, as defined below, EB or its affiliate will also provide YCC with one additional FM translator construction permit with a population coverage of approximately 30,000 people which permit the parties shall agree to in writing and shall jointly file an application with the FCC seeking the Commission consent to the assignment; provided, however, YCC shall have the option of foregoing this additional FM translator construction permit and applying the assigned value of such permit towards the purchase of the El Paso Permit or any other El Paso, Texas, CP that may become available to EB or its affiliate (see Section 3 below).
- (b) Deposit. Simultaneously with the execution of this agreement, Horizon shall pay to YCC a non-refundable deposit of Three Thousand Dollars (\$3,000.00) of which shall be credited to the Equipment Reimbursement at Closing.
- (c) Application. Within ten (10) days after the execution of this Agreement the parties shall jointly file one or more application(s) for assignment with the FCC (the "*Assignment Applications*" or an "*Assignment Application*").
- (d) Closing. Closing shall occur within ten (10) days after the FCC's approval of the Assignment Application(s):
- (i) Horizon shall pay the Purchase Price to EB as provided in Section 1(a)(ii) hereof;
  - (ii) Horizon shall pay the balance of the Equipment Reimbursement costs to YCC as provided in Section 1(a)(i) and (b) hereof;

(iii) YCC will provide to Horizon an instrument of conveyance, suitable to Horizon, for the License; and

(iv) EB will provide to YCC an instrument of conveyance, suitable to YCC, for the Construction Permit and the reimbursement specified in Paragraph 1(a) hereof.

2. **Grant of Option.** Subject to the conditions contained herein, EB hereby grants to YCC an option to receive another construction permit from EB, of equal value to the Construction Permit, as agreed to by the parties, (the "*Option*") as follows:

(i) **Conditions of Exercise.** If, within five (5) months from the date of Closing, as defined above, (a) the K259AY Construction Permit facility fails to receive input signal from Carson City, Nevada or (b) YCC must halt operation of the K259AY Construction Permit facility because it causes actual interference with the transmission of any existing, licensed broadcast, in violation of 47 C.F.R. §74.1203 of the FCC's rules, YCC may, at its sole election, exercise the option granted by this Paragraph 2 and return the K259AY Construction Permit to EB in exchange for another construction permit held by EB or its affiliated company (the "Replacement Construction Permit"). The parties shall mutually agree on the Replacement Construction Permit in writing.

(b) **Application.** Within ten (10) business days of notice of exercise of the Option, which shall be provided by YCC to EB in writing at the address provided below, the parties shall jointly file an application with the FCC for assignment of the Construction Permit to EB by YCC (the "*Option Assignment Application*"). Within ten (10) business days of the parties mutual agreement with respect to the Replacement Construction Permit, the parties shall jointly file an application with the FCC for assignment of the Replacement Construction Permit from EB or its affiliated company to YCC (the "*Replacement Assignment Application*")

(c) **Closings.** Closing of the Option Assignment Application shall occur within ten (10) days after the FCC's approval of the Option Assignment Application, whereupon YCC will provide to EB an instrument of conveyance, suitable to YCC, for the construction permit conveyed. Closing of the Replacement Assignment Application shall occur within ten (10) days after the FCC's approval of the Replacement Assignment Application, whereupon EB will provide to YCC an instrument of conveyance, suitable to YCC, for the construction permit conveyed.

3. Right of Second Refusal. Subject to the conditions described herein, YCC is hereby granted right of second refusal to acquire a construction permit (Facility ID 155703) in El Paso, Texas from EB or its affiliate (the "*El Paso Permit*") upon such grant of CP *and* upon expiration or termination of any right of first refusal currently existing before it is offered to any other buyer. If the El Paso Permit becomes unavailable to YCC, then YCC shall receive a first right of refusal on any other El Paso, Texas CP that may become available to EB or its affiliate.
- (a) Purchase Price. EB shall make a good faith effort to determine a fair and equitable purchase price for the El Paso Permit, the value of which shall not exceed the purchase price offered to the holder of the right of first refusal or an amount as agreed to by the parties.
- (b) Application. Upon notice of exercise of this Right of Second Refusal, which shall be provided by YCC in writing to EB at the address provided below, the parties shall jointly file an application with the FCC for assignment of the El Paso Permit by EB to YCC (the "*El Paso Application*").
- (c) Closing. Closing shall occur within ten (10) days after the FCC's approval of the El Paso Application, whereupon EB will provide to YCC an instrument of conveyance, suitable to YCC, for the El Paso Permit.
4. Leased Premises.
- (a) Reno, Nevada. The parties hereby acknowledge that there are no tower site, studio or other leases being assigned by EB to YCC with respect to the transfer of the Construction Permit under this agreement and that YCC shall enter into any necessary leases to secure tower and transmission facilities in compliance with the FCC Rules. EB does not represent, warrant, guarantee or otherwise make any assurances that any sites specified in applications submitted to the FCC or otherwise proposed for the Construction Permit will be made available to YCC or any other party.
- (b) Spokane, Washington. The parties hereby acknowledge that the lessor of the Spokane tower site KHQ TV has agreed to assign the lease to Horizon Christian Fellowship. The original YCC lease is attached as an exhibit as well as the consent to assign by KHQ TV.
5. FCC Qualifications, Representations and Warranties. The parties represent, warrant and covenant that each is qualified to be a Commission licensee and to hold the FCC authorizations that are the subjects of this Agreement. EB represents and warrants to YCC that the Construction Permit is in full force and effect. YCC represents and

warrants to Horizon that the License is in full force and effect and that the facility is operating in material compliance with the rules and regulations of the FCC. Each party acknowledges that FM translators are a secondary service under the FCC Rules and neither party makes any representation or warranty regarding the future status of the License or Construction Permit with respect to such secondary status.

6. Exclusivity and Confidentiality. The parties agree to keep confidential the terms of this Agreement, except with respect to any disclosure required by law or the rules and regulations of the FCC.

7. Miscellaneous. This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof and supersedes any prior agreement with respect thereto whether it is in writing or otherwise. This Agreement may be amended only in writing by an instrument duly executed by both parties. This Agreement is to be construed and enforced under the laws of Idaho. Venue for any action brought to enforce this Agreement is exclusively in the federal or state courts located in the State of Idaho. This Agreement may be executed in counterparts. The undersigned represent and warrant that, respectively, they have received authority to sign this Agreement and to legally bind their respective corporations to perform all of the terms hereof.

*[Remainder of page intentionally left blank]*

WHEREFORE, the parties whose names and addresses appear below have caused this Agreement to be executed by them as of the date first above written.

**Your Christian Companion Network, Inc.**  
9019 N. West Lane  
Stockton, CA 95210

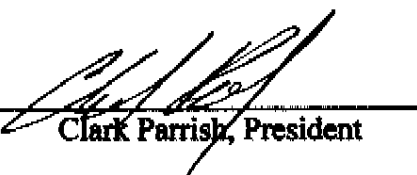
By:   
Shirley Garner, Executive Vice

President

**Horizon Christian Fellowship**  
5331 Mt. Alifan Dr.  
San Diego, CA 92111

By:   
Mike MacIntosh, President

**Edgewater Broadcasting, Inc.**  
PO Box 5725  
Twin Falls, ID 83301

By:   
Clark Parrish, President

**ADDENDUM A****YCC FM Translator License****Call Sign**  
K206CQ**Location**  
Spokane, Washington**Facility ID**  
106445

**ADDENDUM B****EB Construction Permit**

**Call Sign**  
**K259AY**

**Location**  
**Reno, Nevada**

**Facility ID**  
**FIN: 154473**