

NETWORK AFFILIATION AGREEMENT

This Network Affiliation Agreement ("Agreement") is made as of this 16th day of January, 2008 by and between CARON BROADCASTING, INC., an Ohio corporation ("*Seller*") and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("*Buyer*").

WITNESSETH:

WHEREAS, Seller is the licensee of radio station WFZH(FM), licensed to Mukwonago, Wisconsin (the "*Station*") pursuant to authorizations (the "*FCC Authorizations*") issued by the Federal Communications Commission (the "*FCC*"); and

WHEREAS, Buyer and Seller have entered into an Asset Purchase Agreement (the "*Purchase Agreement*") dated of even date herewith, which provides that Seller will sell and Buyer will acquire certain of the assets and licenses of the Station, on the terms and subject to the conditions set forth therein; and

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

WHEREAS, in advance of the closing of the transaction contemplated by the Purchase Agreement (the "*Closing*" or the "*Closing Date*"), Buyer desires to obtain programming time on the Station, and Seller desires to provide this time to Buyer; and

WHEREAS, Seller wishes to authorize Buyer to broadcast 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 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, Buyer agrees to provide and authorizes Seller to broadcast K-LOVE's programming (the "*Programs*"). Simultaneously upon receipt of K-LOVE's programming, Seller agrees to broadcast the programming 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 February 15, 2008 (the "*Effective Date*") and, unless earlier terminated as provided in this Agreement, shall continue for a period of one year (the "*Initial Term*"). This Agreement shall terminate upon consummation of, or termination of, the Purchase Agreement according to its terms.

3. Hours of Programming. Buyer will supply the Programs during all hours of the Station's operations as long as this Agreement remains in force, and Seller will transmit all Programs supplied by Buyer, except as otherwise provided in Sections 4 and 5 below and subject to the provisions set forth in Section 14 below with respect to force majeure. Buyer will provide all such Programs, produced at its own cost and expense, and deliver them to Seller's facilities in a format suitable for immediate rebroadcast.

4. Reservation of Time. Seller 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 on the Station. Unless otherwise mutually agreed upon by the parties, Seller may run its programming during the Reserved Time on Sunday mornings between the hours of 6 AM to 8 AM.

5. Seller's Regulatory Obligations.

(a) Nothing herein shall be construed as limiting in any way Seller'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. Seller will be responsible for ensuring that the Station's overall programming is responsive to community needs and in the public interest. Seller has the authority, in its sole discretion, to:

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

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

(iii) interrupt Buyer's programming in case of an emergency, or due to downtime occasioned by routine maintenance.

(b) In the event that Seller rejects any of Buyer's Programs pursuant to subparagraph (a)(i) above, Seller shall, insofar as practicable, give Buyer reasonable prior notice of its objection to Buyer's proposed programs, including the basis for such objection, and shall use all reasonable efforts to give Buyer a reasonable opportunity to substitute acceptable programming. Buyer shall air the Station's hourly station identification announcements on behalf of Seller so that such announcements are aired in accordance with FCC rules.

(c) Seller, solely for the purpose of ensuring Buyer'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 Buyer's Programs as it may reasonably request. Buyer shall provide Seller, at Seller's request, with copies of all

correspondence relating to Buyer's Programs on the Station and all complaints received from the public that pertain to the Station.

(d) Buyer shall cooperate with Seller to assist Seller in complying with the provisions of the Communications Act regarding political advertising for federal candidates. Buyer shall supply such information promptly to Seller as may be necessary to comply with the equal opportunity and reasonable access requirements of the Communications Act. On or before January 7, April 7, July 7 and October 7 of every year during the Term, Buyer shall provide to Seller a list of significant community issues addressed in the Programs during the preceding quarter and the specific Programs that addressed such issues. Buyer shall, upon request by Seller, provide other information to enable Seller to prepare other records, reports and logs required by the FCC or other local, state or federal governmental agencies. Buyer shall cooperate with Seller to ensure that EAS transmissions are properly performed in accordance with Seller's instructions.

6. Operation of the Station.

(a) Seller 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 Seller to perform its obligations under this Agreement. All such employees will report to and be accountable solely to Seller.

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

(c) At its own expense, and in compliance with any statutes, rules, regulations and policies of the FCC, Buyer may provide and install any equipment it deems necessary or useful to supply its programming to the Station, under the supervision of Seller. Upon termination of this Agreement, such property will remain the sole property of Buyer and Buyer shall promptly remove all such equipment from the premises of the Station.

7. Consideration.

(Redacted)

8. Credits. Buyer may elect to reduce the amounts paid to Seller pursuant to Section 7 above on a pro rata basis for any month in which: (a) Seller voluntarily decides to preempt Buyer's programming pursuant to Section 5(a)(ii) of this Agreement; or (b) the Station is unable, due to a failure of the equipment maintained by Seller, to meet the minimum programming requirement set forth in Section 3 above with respect to the broadcast of Buyer's programming, in each case such reduction to be based upon the hours or fractional hours by which a Station fails to meet that minimum hour requirement. Buyer shall be entitled to a credit in the amount of the reduction against any subsequent payment to be made to Seller under Section 7 above.

9. Limited Grant. Nothing herein contained shall be construed as an assignment or grant to Seller 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 Buyer's Programs beyond the grant of a limited rebroadcast consent on the terms herein specified. All rights not specifically granted to Seller hereunder in and to Buyer's Programs and signal and the content thereof are reserved to Buyer 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 supplied by Buyer and that the right to rebroadcast the Programs granted hereunder shall not be deemed in any way to cover, convey or transfer such rights of third persons.

10. Representations, Warranties and Covenants of Seller. Seller hereby makes the following representations, warranties and covenants to Buyer:

(a) This Agreement constitutes the legal, valid and binding obligation of Seller, 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 such entity is subject or constitute a breach of or default under any contract, agreement, or other commitment to which Seller is a party or may be bound.

(c) Seller 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.

(d) Seller 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. Seller 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, and Seller shall be responsible for ensuring that qualified control operators monitor and control the Station's transmissions in material conformity with FCC requirements.

(e) Seller shall maintain the Station's facilities in good operating condition, and shall operate the Station at least at 95% of its full authorized power, except for periods of

routine maintenance or as caused by events of force majeure.

(f) Seller shall maintain a main studio and staff in material conformity with FCC requirements at all times during the term hereto, and Seller shall maintain an appropriate public inspection file, and shall maintain that file as required by FCC rules and regulations.

(g) Seller possesses and will maintain all rights necessary to broadcast the programming supplied by Seller hereunder, and the Seller shall maintain at its expense all necessary BMI, ASCAP, and SESAC licenses with respect to programs provided and broadcast by the Seller.

11. Representations, Warranties and Covenants of Buyer. Buyer hereby makes the following representations, warranties and covenants to Seller:

(a) The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action on the part of Buyer, and this Agreement constitutes the legal, valid and binding obligation of Buyer, 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 Buyer is subject or constitute a breach or default under its charter, bylaws or any contract, agreement, or other commitment to which Buyer is a party or may be bound.

(c) The programming supplied by Buyer 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) Buyer will immediately send to Seller copies of any letters or complaints concerning the programming supplied by Buyer or the operation of the Station received by Buyer for review and placement in the Station's public inspection file.

(e) Buyer will provide to Seller in advance of broadcast any information known to the Buyer regarding any money or other consideration which has been paid or accepted, or has been promised to be paid or to be accepted, for the inclusion of any matter as a part of any programming or commercial material to be supplied to Seller by Buyer for broadcast on the Station, unless the party making or accepting such payment is identified in the program as having paid for or furnished such consideration in accordance with FCC requirements. Should the Station determine that an announcement is required by Section 317 of the Communications Act of 1934 and related FCC rules, Buyer will insert that announcement where necessary in the Programs.

12. Termination.

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

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

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

- (i) Seller fails to observe or perform any material covenant, condition or agreement contained in this Agreement; or
- (ii) Seller breaches or violates any material representation or warranty made by it under this Agreement; or
- (iii) the Purchase Agreement is terminated due to a breach thereof by Seller.

(c) Cure Period. Buyer shall have ten (10) days from the date that Seller has provided Buyer with written notice that Buyer is in default in its obligation to make the Monthly Payment or to reimburse operating expenses 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 Buyer has provided Seller or Seller has provided Buyer, 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.

(d) Termination for Uncured Event of Default. If an Event of Default by Buyer has not been cured within the period set forth in Section 12(c) above, then Seller may terminate this Agreement immediately upon written notice to Buyer. If an Event of Default by Seller has not been cured or deemed cured within the periods set forth in Section 13(c) above, then Buyer may terminate this Agreement immediately upon written notice to Seller.

(e) Termination Related to Purchase Agreement. This Agreement shall terminate immediately upon the Closing Date or upon termination of the Purchase Agreement pursuant to Section 11 thereof. Either party may immediately terminate this Agreement if the Purchase Agreement is terminated because of a material default.

(f) Judicial Action. This Agreement may be terminated by either Seller or

Buyer 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 Seller hereunder with respect to Buyer's Programs shall forthwith cease and terminate and revert to Buyer for Buyer's sole and exclusive use and disposition, and Seller shall cease any further use of Buyer's Programs 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 Buyer's Programs. In the event of termination (other than termination as the result of the Closing of the Purchase Agreement), all rights and privileges granted to Buyer hereunder with respect to access or use of Station shall forthwith cease and terminate and revert to Seller for Seller's sole and exclusive use and disposition.

13. Indemnification.

(a) Buyer shall indemnify, defend and hold harmless Seller 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 Buyer under this Agreement; (ii) any misrepresentation or breach of any warranty of Buyer contained in this Agreement; (iii) the actions of Buyer's employees and agents on any premises maintained by Seller; and (iv) any breach of any covenant, agreement, or obligation of Buyer contained in this Agreement. Such indemnification shall survive the termination of this Agreement.

(b) Seller shall indemnify, defend and hold harmless Buyer from and against all Loss and Expense arising out of the breach of any representation, warranty, covenant or obligation of Seller contained in this Agreement. Such indemnification shall survive the termination of this Agreement.

14. Force Majeure. Except for the credit referred to in Section 8 hereof, Seller 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, Seller agrees to use commercially reasonable efforts to resume performance as promptly as practicable.

15. 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.

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

17. 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 Buyer, to:

Mr. Mike Novak, President
Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765

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

David D. Oxenford, Esq.
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, NW, Suite 200
Washington, D.C. 20006

If to Seller, to:

Jonathan L. Block
Vice President & General Counsel
Salem Communications Corporation
4880 Santa Rosa Road
Camarillo, California 93012

18. Entire Agreement; Modifications. This 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.

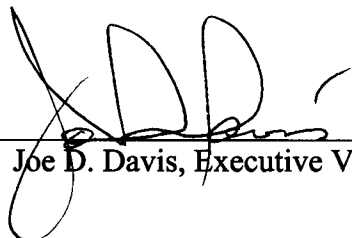
19. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with, the laws of the State of Wisconsin.

20. Counterparts. This Agreement may be executed in counterpart original signature pages, and each such counterpart shall constitute one and the same original signature page.

[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.

CARON BROADCASTING, INC.

By: 
Joe D. Davis, Executive VP/COO

EDUCATIONAL MEDIA FOUNDATION


By: _____
Mike Novak, President

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CARON BROADCASTING, INC.

By: _____
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