

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 1, 2010

SALEM COMMUNICATIONS CORPORATION

(Exact Name of Registrant as Specified in its Charter)



Delaware
(State or Other Jurisdiction
of Incorporation)

000-26497
(Commission
File Number)

77-0121400
(IRS Employer
Identification No.)

4880 Santa Rosa Road, Camarillo, California
(Address of Principal Executive Offices)

93012
(Zip Code)

Registrant's telephone number, including area code: (805) 987-0400

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Entry into a Material Definitive Agreement

Item 1.01

On November 1, 2010, Salem Communications Corporation (the “Company”) amended and increased its revolving credit facility pursuant to an Increase Joinder and an Amendment No. 1 and Waiver, respectively, to that certain Credit Agreement entered into as of December 1, 2009, among the Company, Bank of America, N.A., acting as Administrative Agent, Swing Line Lender and L/C Issuer (“Bank of America”), Banc of America Securities LLC, Joint Lead Arranger and Sole Book Manager; Barclays Capital, Joint Lead Arranger and Syndication Agent; Barclays Bank PLC, Lender; ING Capital LLC, Joint Lead Arranger, Documentation Agent and Lender (the “Credit Facility”).

Increase Joinder

The Company, Wells Fargo Bank, National Association (“Wells Fargo Bank”) (as the increase lender), and the guarantors party to the Credit Facility entered into an Increase Joinder as of November 1, 2010 (the “Joinder Agreement”). The Joinder Agreement added Wells Fargo Bank as a lender under the Credit Facility on a *pro rata* basis with all existing lenders under the Credit Facility. In addition, and subject to the Company’s satisfaction of certain post-closing mortgage and real estate related obligations as described therein, the Joinder Agreement increased the Credit Facility capacity by \$10 million, from \$30 million to \$40 million, effective as of November 1, 2010.

Amendment No. 1 and Waiver

The Company, Bank of America and the lenders party thereto also entered into an Amendment No. 1 and Waiver of the Credit Facility dated as of November 1, 2010 (“Amendment No. 1”). Among other things, Amendment No. 1 modifies certain definitions, conditions and prerequisites regarding the Company’s ability to: (a) declare and make *pro rata* dividends or redemptions of its common equity interests; and (b) make prepayments, redemptions, purchases, defeasances or other satisfactions prior to the scheduled maturity of the Company’s 9.625% Senior Secured Second Lien Notes due 2106 (the “Notes”).

As a result of Amendment No. 1, the Company’s ability to pay dividends or make prepayments on the Notes is now impacted by a determination of an “Available Amount” calculated as the Company’s “Levered Free Cash Flow” plus “Balance Sheet Liquidity” minus \$10 million.

Amendment No. 1 also contains a lender’s waiver of a 10-day notice requirement contained in the Credit Facility in connection with the Company’s request for the increase implemented by the Joinder Agreement.

Prior to Amendment No. 1, the Company’s ability to pay dividends and redeem its equity interests was limited to \$5 million per fiscal year subject to satisfaction of certain “Consolidated Leverage Ratio” benchmarks at the time of such declaration. Amendment No. 1 now limits the Company’s ability to pay dividends and redeem its equity interests to the lesser of \$5 million per fiscal year or the “Available Amount”.

Prior to Amendment No. 1, the Company’s ability to prepay or redeem the Notes was conditioned, among other things, upon there being no more than a \$10 million revolving credit/swing line balance outstanding under the Credit Facility at the time of such prepayment or redemption.

Amendment No. 1 replaces this \$10 million restriction with a requirement that the “Available Amount” be positive at the time of the notice of such prepayment or redemption.

A copy of each of the Joinder Agreement and Amendment No. 1, both dated as of November 1, 2010, are attached as Exhibit 99.1 and 99.2, respectively, to this Form 8-K. Reference is made to each of the Credit Facility, the Joinder Agreement, and Amendment No. 1, the text of each of which is incorporated herein by reference, for their complete terms. The foregoing descriptions of the Credit Facility, Joinder Agreement, and Amendment No. 1 are qualified in their entirety by reference to such exhibits, which are incorporated by reference herein.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

As described above in Item 1.01, on November 1, 2010, the Company entered into Amendment No. 1 and the Joinder Agreement, respectively, which modify the Company's Credit Facility. The information included in Item 1.01 of this Report is incorporated herein by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

Item 9.01(d) *Exhibits.* The following exhibits are furnished with this report on Form 8-K:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Increase Joinder dated as of November 1, 2010, among Salem Communications Corporation, Wells Fargo Bank, National Association, the Guarantors party thereto, and Bank of America, N.A., as Administrative Agent
99.2	Amendment No. 1 and Waiver to Credit Agreement dated as of November 1, 2010, among Salem Communications Corporation, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and each lender party thereto

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SALEM COMMUNICATIONS CORPORATION

Date: November 4, 2010 By: /s/ EVAN D. MASYR
Evan D. Masyr
Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

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EXECUTION VERSION

INCREASE JOINDER, dated as of November 1, 2010 (this “**Increase Joinder**”), among SALEM COMMUNICATIONS CORPORATION, a Delaware corporation (the “**Borrower**”), WELLS FARGO BANK, NATIONAL ASSOCIATION (the “**Increase Lender**”), the Guarantors party to the Credit Agreement (as defined below) (the “**Guarantors**”) and BANK OF AMERICA, N.A. in its capacity as Administrative Agent (the “**Administrative Agent**”), Swing Line Lender and L/C Issuer under the Credit Agreement dated as of December 1, 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Credit Agreement**”) among the Borrower, the Administrative Agent and the other Lenders party thereto. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

WHEREAS, the Borrower has requested, pursuant to Section 2.14 of the Credit Agreement, an increase of \$10,000,000 of Commitments (the “**Additional Commitments**”) to the Facility, the proceeds of which will be used in compliance with Section 6.11 of the Credit Agreement;

WHEREAS, the Increase Lender party hereto has agreed to make the Additional Commitments to the Borrower on the terms set forth herein;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Increase Joinder. The Increase Lender agrees (i) that it shall be considered a Lender for all purposes under the Loan Documents and agrees to be bound by the terms thereof and (ii) to make the Additional Commitments to the Borrower in the aggregate amount set forth on Schedule I on the Revolving Credit Increase Effective Date and from thereafter as Commitments under the Credit Agreement. The Additional Commitments shall constitute Commitments under the Credit Agreement and the loans made pursuant to the Additional Commitments shall constitute Revolving Credit Loans. The terms and provisions of the Additional Commitments shall be identical to the initial Commitments and the terms of the Revolving Credit Loans made pursuant to the Additional Commitments shall be identical to those of the Revolving Credit Loans made pursuant to the initial Commitments. The aggregate amount of the Additional Commitments made under this Increase Joinder shall not exceed \$10,000,000. The Borrower shall use the proceeds of the Additional Commitments as set forth in the first recital to this Increase Joinder.

Section 2. Representations and Warranties. The Loan Parties represent and warrant to the Increase Lender as of the date hereof and the Revolving Credit Increase Effective Date (after giving effect to the Additional Commitments) that:

(a) The following statements shall be true on the date of such Credit Extensions, both before and after giving effect thereto and to the application of the proceeds thereof:

(i) the representations and warranties set forth in Article V of the Credit Agreement and in the other Loan Documents are true and correct on and as of the Revolving Credit Increase Effective Date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true and correct as of such earlier date; provided that the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the financial statements furnished by the Borrower for the fiscal year ended December 31, 2009 and the fiscal quarter ended June 30, 2010;

(ii) no Default exists; and

(iii) the Borrower will be in compliance with Section 7.11 of the Credit Agreement on a Pro Forma Basis (after giving effect to any drawings under the Additional Commitments on the Revolving Credit Increase Effective Date).

(b) After giving effect to this Increase Joinder, the execution, delivery, performance or effectiveness of this Increase Joinder will not impair the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all of the Obligations including those in respect of the Additional Commitments established hereunder whether heretofore or hereafter incurred.

Section 3. Conditions to Effectiveness. This Increase Joinder shall become effective on the date (the “**Revolving Credit Increase Effective Date**”) on which each of the following conditions is satisfied or waived:

(a) Certain Documents. The Administrative Agent shall have received on or prior to the Revolving Credit Increase Effective Date each of the following, each dated the Revolving Credit Increase Effective Date unless otherwise indicated or agreed to by the Administrative Agent and each in form and substance satisfactory to the Administrative Agent:

(i) this Increase Joinder executed by the Increase Lender and the other parties hereto;

(ii) a certificate of each Loan Party, signed by a Responsible Officer of such Loan Party, certifying and attaching the resolutions adopted by such Loan Party approving or consenting to the Additional Commitments and this Increase Joinder;

(iii) a certificate of the Borrower, signed by a Responsible Officer of the Borrower, to the effect that each of the conditions set forth in Section 2.14(e) of the Credit Agreement and this Section 3 have been satisfied;

(iv) a favorable opinion of Gibson, Dunn & Crutcher LLP, counsel to the Loan Parties, in form reasonably satisfactory to the Administrative Agent;

(v) (i) a completed "Life-of-Loan" Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Property (together with a notice about special flood hazard area status and flood disaster assistance duly executed by the Borrower and each Loan Party relating thereto) and (ii) a copy of, or a certificate as to coverage under, the insurance policies required by Section 6.07 of the Credit Agreement including, without limitation, flood insurance policies) and the applicable provisions of the Collateral Documents, each of which shall be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable or mortgagee endorsement (as applicable) and shall name the Administrative Agent, on behalf of the Secured Parties, as additional insured, in form and substance satisfactory to the Administrative Agent; and

(vi) such other documents as the Administrative Agent may reasonably request.

(b) Fees and Expenses Paid. There shall have been paid to the Administrative Agent, for the account of the Administrative Agent, all fees and expenses (including reasonable fees and expenses of counsel) due and payable on or before the Revolving Credit Increase Effective Date.

(c) Prepayment. The Borrower shall prepay any Revolving Credit Loans outstanding on the Revolving Credit Increase Effective Date (and pay any additional amounts required pursuant to Section 3.05 of the Credit Agreement) to the extent necessary to keep the outstanding Revolving Credit Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under Section 2.14 of the Credit Agreement.

(d) Patriot Act. All documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations shall have been provided to the Increase Lender.

(e) Lender Fees. Increase Lender shall have received from Borrower its loan fee in the amount of \$40,000.

Section 4. Expenses. Borrower agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses incurred by them in connection with this Increase Joinder, including the reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP, counsel for the Administrative Agent.

Section 5. Real Estate Matters. The Borrower covenants that it shall prepare execute and deliver (or cause to be prepared, executed and delivered) to the Administrative Agent:

(a) with respect to each Mortgage encumbering Mortgaged Property, an amendment thereof (each a "**Mortgage Amendment**") in order to cause the Obligations (as increased by the making of the Additional Commitments) to be appropriately secured by the property underlying such Mortgages, each such Mortgage Amendment duly executed and acknowledged by the applicable Loan Party, in each case, in form for recording in the recording office where each such Mortgaged Property is located, together with such documentation, certificates, affidavits, questionnaires or returns as shall be required in connection with the recording thereof under applicable law,

(b) with respect to each Mortgage Amendment, a copy of the existing Mortgage Policy and an endorsement with respect thereto (collectively, the "**Mortgage Title Policy**") relating to the Mortgage encumbering such Mortgaged Property assuring the Administrative Agent that the Mortgage, as amended by the Mortgage Amendment, is a valid and enforceable first priority lien on such Mortgaged Property in favor of the Administrative Agent for the benefit of the Secured Parties free and clear of all defects and encumbrances and liens except as expressly permitted by the Credit Agreement, and such Mortgage Title Policy shall otherwise be in form and substance reasonably satisfactory to the Administrative Agent;

(c) with respect to each Mortgage Amendment, opinions of local counsel to the Loan Parties, which opinions (1) shall be addressed to the Administrative Agent and each of the Secured Parties (including, the Increase Lender), (2) shall cover the due authorization, execution, delivery and enforceability of the respective Mortgage as amended by the respective Mortgage Amendment, as applicable, and such other matters incidental to the transactions contemplated herein as the Administrative Agent may reasonably request and (3) shall be in form and substance reasonably satisfactory to the Administrative Agent;

(d) evidence acceptable to the Administrative Agent of payment by the appropriate Loan Party of all applicable search and examination charges and related charges, mortgage recording taxes, fees, charges, costs and expenses required for the recording and filing of the Mortgage Amendments referred to in this Section 5; and

(e) evidence that all other action that the Administrative Agent and Increase Lender may deem reasonably necessary or desirable in order cause the Obligations (as increased by the making of the Additional Commitments) to be appropriately and properly secured by a valid and subsisting first priority Lien on the Mortgaged Property.

The Borrower shall deliver or cause to be delivered each of the documents and instruments required pursuant to this Section 5 within 90 days after the Revolving Credit Increase Effective Date, unless extended or waived by the Administrative Agent and the Increase Lender in their sole discretion. Prior to the delivery of the above, notwithstanding anything contained to the contrary in the Loan Documents, the Increase Lender hereby agrees that no

proceeds from the foreclosure or other realization with respect to any Mortgage for which the required Mortgage Amendment has not been received may be applied to Obligations in respect of the Additional Commitments, and such proceeds shall be applied to the other Obligations as if the Additional Commitments were not outstanding (and this sentence shall cease to be of any force or effect when such amendments to such Mortgages and related documentation are so delivered).

Section 6. Counterparts. This Increase Joinder may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Increase Joinder by facsimile transmission or by email in Adobe “.pdf” format shall be effective as delivery of a manually executed counterpart hereof.

Section 7. Applicable Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 8. Headings. The headings of this Increase Joinder are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 9. Effect of Increase Joinder. Except as expressly set forth herein, this Increase Joinder shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. As of the Revolving Credit Increase Effective Date, each reference in the Credit Agreement to “*this Agreement*,” “*hereunder*,” “*hereof*,” “*herein*,” or words of like import, and each reference in the other Loan Documents to the Credit Agreement (including, without limitation, by means of words like “*thereunder*,” “*thereof*” and words of like import), shall mean and be a reference to the Credit Agreement as amended hereby, and this Increase Joinder and the Credit Agreement shall be read together and construed as a single instrument. This Increase Joinder shall constitute a Loan Document.

Section 10. Acknowledgement and Affirmation. Each Guarantor hereby (i) expressly acknowledges the terms of the Credit Agreement as amended hereby, (ii) ratifies and affirms after giving effect to this Increase Joinder its obligations under the Loan Documents (including guarantees and security agreements) executed by such Guarantor and (iii) after giving effect to this Increase Joinder, acknowledges renews and extends its continued liability under all such Loan Documents and agrees such Loan Documents remain in full force and effect.

Section 11. Roles. It is agreed that Merrill Lynch, Pierce, Fenner & Smith Incorporated will act as “left lead bookrunner” and joint lead arranger for the Additional Commitments.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Increase Joinder to be duly executed as of the date first above written.

SALEM COMMUNICATIONS CORPORATION

By: /s/ EVAN D. MASYR
Name: Evan D. Masyr
Title: SVP and Chief Financial Officer

SALEM COMMUNICATIONS HOLDING CORPORATION

By: /s/ EVAN D. MASYR
Name: Evan D. Masyr
Title: SVP and Chief Financial Officer

INSPIRATION MEDIA OF TEXAS, LLC
ONEPLACE, LLC
SALEM MEDIA GROUP, LLC
SALEM MEDIA OF ILLINOIS, LLC
SALEM MEDIA OF NEW YORK, LLC
SALEM RADIO OPERATIONS, LLC
SALEM SATELLITE MEDIA, LLC
SCA-PALO ALTO, LLC

By: SCA LICENSE CORPORATION
as Managing Member

By: /s/ EVAN D. MASYR
Name: Evan D. Masyr
Title: VP- Accounting and Finance

BISON MEDIA, INC.
CARON BROADCASTING, INC.
CCM COMMUNICATIONS, INC.
COMMON GROUND BROADCASTING, INC.
INSPIRATION MEDIA, INC.
NEW INSPIRATION BROADCASTING
COMPANY, INC.
NI ACQUISITION CORP.
PENNSYLVANIA MEDIA ASSOCIATES, INC.
REACH SATELLITE NETWORK, INC.
SALEM CONSUMER PRODUCTS, INC.
AIR HOT, INC.
SALEM MEDIA OF COLORADO, INC.
SALEM MEDIA OF HAWAII, INC.
SALEM MEDIA OF KENTUCKY, INC.
SALEM MEDIA OF OHIO, INC.
SALEM MEDIA OF OREGON, INC.
SALEM MEDIA OF TEXAS, INC.
SALEM MEDIA OF VIRGINIA, INC.
SALEM MEDIA REPRESENTATIVES, INC.
SALEM RADIO NETWORK INCORPORATED
SALEM RADIO PROPERTIES, INC.
SCA LICENSE CORPORATION
SCHC LUBBOCK APPLICATION, INC.
SOUTH TEXAS BROADCASTING, INC.
SRN NEWS NETWORK, INC.

By: /s/ EVAN D. MASYR
Name: Evan D. Masyr
Title: VP- Accounting and Finance

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Increase Lender

By: /s/ JOHN RAY
Name: John Ray
Title: Senior Vice President

Accepted and Agreed:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ ANTONIKIA L. THOMAS
Name: Antonikia L. Thomas
Title: Assistant Vice President

BANK OF AMERICA, N.A.,
as Swing Line Lender and L/C Issuer

By: /s/ LISA WEBSTER
Name: Lisa Webster
Title: Senior Vice President

SCHEDULE I

ADDITIONAL COMMITMENTS

Increase Lender	Additional Commitments
Wells Fargo Bank, National Association	\$10,000,000

EXECUTION VERSION

AMENDMENT NO. 1 AND WAIVER

AMENDMENT NO. 1 AND WAIVER (this “**Amendment and Waiver**”), dated as of November 1, 2010, to that certain Credit Agreement, dated as of December 1, 2009, as amended (the “**Credit Agreement**”; capitalized terms used herein and not defined shall have the meaning set forth in the Credit Agreement), among Salem Communications Corporation, a Delaware corporation (the “**Borrower**”), BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and each lender from time to time party thereto (collectively, the “**Lenders**” and individually, a “**Lender**”).

W I T N E S S E T H :

WHEREAS, pursuant to Section 10.01 of the Credit Agreement, the Borrower and the Lenders party hereto agree to the amendment and waiver of the Credit Agreement as set forth herein.

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

SECTION ONE - Amendments. Subject to the satisfaction of the conditions set forth in Section Three hereof:

(i) The following definitions are added to Section 1.01 of the Credit Agreement in proper alphabetical order:

“Available Amount” means, on any date, (x) Levered Free Cash Flow *plus* (y) Balance Sheet Liquidity *minus* (z) \$10,000,000; provided that the Available Amount shall be reduced by (i) any Restricted Payments declared pursuant to Section 7.06(h)(x) but not yet paid or (ii) the amount of any prepayment, redemption, purchase, defeasance or other satisfaction pursuant to Section 7.14(b) for which notice has been given but such prepayment, redemption, purchase, defeasance or other satisfaction has not been consummated.

“Balance Sheet Liquidity” means, on any date, (x) unrestricted cash on the balance sheet of the Borrower in accordance with GAAP as of such date *plus* (y) aggregate unused Commitments (after giving effect to outstanding Letters of Credit and Swing Line Loans) as of such date (excluding the unused Commitment of any Defaulting Lender).

“Capital Expenditures” means, with respect to any Person for any period, any expenditure in respect of the purchase or other acquisition of any fixed or capital asset (excluding normal replacements and maintenance which are properly charged to current operations).

“Levered Free Cash Flow” means, on any date, (w) Consolidated EBITDA of the Borrower and its Subsidiaries on a consolidated basis for the most recent two fiscal quarters for which financial statements have been delivered pursuant to Section 6.01 minus (x) Capital Expenditures of the Borrower and its Subsidiaries on a consolidated basis for the most recent two fiscal quarters for which financial statements have been delivered pursuant to Section 6.01 minus (y) cash paid for Federal, state, local and foreign income taxes payable less any refunds received from Federal, state, local and foreign income taxes of the Borrower and its Subsidiaries on a consolidated basis for the most recent two fiscal quarters for which financial statements have been delivered pursuant to Section 6.01 minus (z) anticipated cash Consolidated Interest Charges of the Borrower and its Subsidiaries for the next two fiscal quarters after giving pro forma effect to any prepayment of Senior Notes or Additional Notes pursuant to Section 7.14(b).

(ii) Section 7.06 of the Credit Agreement is hereby amended by restating clause (h) thereof as follows:

“(h) so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom and (x)(i) the Consolidated Leverage Ratio would be no more than 6.00 to 1.00 on a Pro Forma Basis and (ii) the Available Amount as of the date of declaration of any such Restricted Payment (before giving effect to such Restricted Payment) would be positive (as set forth in a certificate of a Responsible Officer delivered to the Administrative Agent), the Borrower may declare and make pro rata dividends or redemptions on its common Equity Interests in an aggregate amount of payments that does not exceed the lesser of (a) the Available Amount as of the date of such declaration and (b) \$5,000,000 in any fiscal year and (y) the Consolidated Leverage Ratio would be no more than 5.00 to 1.00 on a Pro Forma Basis, the Borrower may declare and make additional pro rata dividends or redemptions on its common Equity Interests in an aggregate amount of payments that does not exceed \$5,000,000 in any fiscal year; provided that in either case (x) or (y) the Secured Leverage Ratio is no more than 1.25 to 1.00 on a Pro Forma Basis for such dividend or redemption.”

(iii) Section 7.14 of the Credit Agreement is hereby amended by restating clause (b) thereof as follows:

“(b) prepayments, redemptions, purchases, defeasances or other satisfactions prior to scheduled maturity of Senior Notes or Additional Notes (under and as defined in Section 7.02(b)); provided, that (A) the Borrower and its Subsidiaries shall be in compliance with Section 7.11 on a Pro Forma Basis, (B) no Default or Event of Default has occurred and is continuing or would result from such prepayment, (C) such prepayment shall not exceed the Available Amount as of the date of notice of any such prepayment, redemption, purchase, defeasance or other satisfaction (before giving effect to such prepayment, redemption, purchase, defeasance or other satisfaction and as set forth in a certificate of a Responsible Officer delivered to the Administrative Agent) and (D) the Secured Leverage Ratio is no more than 1.25 to 1.00 on a Pro Forma Basis for such prepayment, redemption, purchase, defeasance or other satisfaction”

SECTION TWO - Limited Waiver. Subject to the satisfaction of the conditions set forth in Section Three hereof, with respect to the notice of a request for an increase of the Facility provided to the Lenders on or prior to, or within thirty (30) days after, the date of this Amendment and Waiver (the “**Incremental Increase Notice**”), the Required Lenders hereby

waive the Borrower's obligation to provide a minimum ten Business Day period for Lenders to respond to such Incremental Increase Notice. The Required Lenders waive any Defaults or Events of Default, and any rights and remedies arising therefrom, solely to the extent resulting from (i) the name change of Salem Investment Corporation to Air Hot, Inc. without prior written notice and the failure to take such other actions reasonably satisfactory to the Administrative Agent to maintain the perfection and priority of the security interest of the Administrative Agent for the benefit of the Secured Parties in the Collateral of Air Hot, Inc. prior to the date hereof, in accordance with Section 6.17 of the Credit Agreement, (ii) the amendment of the certificate of incorporation of Salem Investment Corporation without providing such amended certificate of incorporation to the Administrative Agent within 30 days, in accordance with Section 6.02(k) of the Credit Agreement, and (iii) the failure by the Borrower to deliver a notice of Default with respect to any of the foregoing, in accordance with Section 6.03(a) of the Credit Agreement.

SECTION THREE - Conditions to Effectiveness. This Amendment and Waiver shall become effective when, and only when, the Administrative Agent shall have received (x) counterparts of this Amendment executed by the Borrower, (y) consents to this Amendment and Waiver from the Borrower and the Required Lenders and (z) to the Administrative Agent for the account of each Lender that has returned an executed signature page to this Amendment and Waiver to the Administrative Agent at or prior to 6:00 p.m., New York City time on October 29, 2010 (the "**Consent Deadline**") a fee equal to 0.10% of the Commitment of such Lender at the Consent Deadline. The effectiveness of this Amendment and Waiver (other than Sections Six, Seven and Eight hereof) is conditioned upon the accuracy of the representations and warranties set forth in Section Four hereof.

SECTION FOUR - Representations and Warranties; Covenants. In order to induce the Lenders to consent to this Amendment and Waiver, the Borrower represents and warrants to each of the Lenders and the Administrative Agent that after giving effect to this Amendment and Waiver, (x) no Default has occurred and is continuing; and (y) the representations and warranties of each Loan Party contained in Article V of the Credit Agreement and in the other Loan Documents are true and correct in all material respects (except that any representation or warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except that any representation or warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) as of such earlier date.

SECTION FIVE - Reference to and Effect on the Credit Agreement and the Notes. On and after the effectiveness of this Amendment and Waiver, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended or waived by this Amendment and Waiver. The Credit Agreement, the Notes and each of the other Loan Documents, as specifically amended or waived by this Amendment and Waiver, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collat

eral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents. The execution, delivery and effectiveness of this Amendment and Waiver shall not, except as expressly provided herein, operate as an amendment or waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute an amendment or waiver of any provision of any of the Loan Documents.

SECTION SIX - Costs, Expenses and Taxes. The Borrower agrees to pay all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment and Waiver and the other instruments and documents to be delivered hereunder, if any (including, without limitation, the reasonable fees and expenses of Cahill Gordon & Reindel LLP) in accordance with the terms of Section 10.04 of the Credit Agreement.

SECTION SEVEN - Execution in Counterparts. This Amendment and Waiver may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment and Waiver by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment and Waiver.

SECTION EIGHT - Governing Law. This Amendment and Waiver shall be governed by, and construed in accordance with, the law of the State of New York.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Waiver to be duly executed and delivered as of the day and year first above written.

SALEM COMMUNICATIONS CORPORATION

By: /s/ EVAN D. MASYR
Name: Evan D. Masyr
Title: SVP and Chief Financial Officer

BANK OF AMERICA, N.A., as Administrative
Agent

By: /s/ ANTONIKIA L. THOMAS
Name: Antonikia L. Thomas
Title: Assistant Vice President

BANK OF AMERICA, N.A., as L/C Issuer, Swing
Line Lender and a Lender

By: /s/ LISA WEBSTER
Name: Lisa Webster
Title: Senior Vice President

ING CAPITAL LLC, as a Lender

By: /s/ STEPHEN M. NETTLER
Name: Stephen M. Nettler
Title: Managing Director

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Barclays Bank PLC, as a Lender

By: /s/ KEVIN CULLEN
Name: Kevin Cullen
Title: Director

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Wells Fargo Bank, National Association,
as a Lender

By: /s/ JOHN RAY
Name: John Ray
Title: Senior Vice President