

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): September 12, 2012

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.)
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4880 Santa Rosa Road, Camarillo, California (Address of Principal Executive Offices)	93012 (Zip Code)
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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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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

Amended and Restated Affiliate Line of Credit with Director Roland S. Hinz

On May 21, 2012, Salem Communications Corporation (“Salem”) entered into a binding letter of intent (the “LOI”) with Roland S. Hinz, a Salem board member (the “Affiliate Lender”). Pursuant to the LOI, the Affiliate Lender committed to provide an unsecured revolving line of credit to Salem in a principal amount of up to Six Million Dollars (\$6,000,000) (the “Affiliate Line of Credit”).

On September 12, 2012, Salem and the Affiliate Lender amended and restated the original LOI (the “Amended and Restated LOI”). The Amended and Restated LOI increases the unsecured revolving line of credit by Six Million Dollars (\$6,000,000), resulting in a total line of credit of up to Twelve Million Dollars (\$12,000,000) (the “Amended and Restated Affiliate Line of Credit”). The Amended and Restated Affiliate Line of Credit will continue to be subordinate to Salem’s existing secured line of credit (“Credit Facility”) and all senior secured promissory notes (“Notes”) issued by Salem as of the date hereof, as such Credit Facility and Notes may be amended from time to time.

The proceeds of the Amended and Restated Affiliate Line of Credit are available on two (2) business days prior notice to Affiliate Lender and may be used for any purpose. If Salem borrows funds, the funds will be due six (6) months from the date Affiliate Lender makes such funds available to Salem. Salem may prepay any or all of the funds borrowed at any time, without penalty. The Amended and Restated Affiliate Line of Credit will remain outstanding and available to Salem, even if there is no outstanding balance due on the Amended and Restated Affiliate Line of Credit. The ability of Salem to borrow under the Amended and Restated Affiliate Line of Credit will terminate upon either party giving thirty (30) days written notice of such termination to the other party.

The interest rate on funds borrowed under the Amended and Restated Affiliate Line of Credit shall be the lesser of: (a) five percent (5%) simple interest; or (b) the then-current, applicable indexed rate (the rate of interest that Salem is required to pay) under the Second Amendment to Credit Agreement dated as of November 15, 2011 (the “Second Amendment”), to that certain Credit Agreement, dated as of December 1, 2009, as amended by that certain Amendment No. 1 and Waiver dated as of November 1, 2010 among Salem, Wells Fargo Bank, National Association (“Wells Fargo”), as Administrative Agent, Swing Line Lender and L/C Issuer, and each lender from time to time party thereto plus two percent (2%) (the “Applicable Interest Rate”). The Applicable Interest Rate shall accrue on any borrowings made under the Amended and Restated Affiliate Line of Credit from the date of withdrawal until the date the funds are repaid. Interest shall be due on the date that the funds are repaid. Partial payments on the Amended and Restated Affiliate Line of Credit balance shall be applied to the oldest outstanding amounts first.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT.

The information set forth above under Item 1.01 is incorporated herein by this reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits. The following exhibit is furnished with this report on Form 8-K:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Amended and Restated Letter of Intent to Lend dated September 12, 2012, between Roland S. Hinz and Salem Communications Corporation. (“Borrower”).

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: September 14, 2012

By: /s/EVAN D. MASYR
Evan D. Masyr
Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.

Description

99.1

Amended and Restated Letter of Intent to Lend dated September 12, 2012, between Roland S. Hinz and Salem Communications Corporation.

September 12, 2012

Evan D. Masyr
Chief Financial Officer
Salem Communications Corporation
4880 Santa Rosa Road
Camarillo, California 93012

RE: Amended and Restated Letter of Intent to Lend

Dear Evan:

This Letter of Intent to Lend, when countersigned below, will constitute a full amendment and restatement of the Letter of Intent to Lend that was entered into on May 21, 2012 ("Initial Affiliate Line of Credit") by and between Roland S. Hinz ("Lender") and Salem Communications Corporation ("Borrower"). All provisions set forth in the Initial Affiliate Line of Credit, except as amended and restated hereby, shall remain in full force and effect.

This letter shall confirm the intention of Roland S. Hinz ("Lender") to provide up to Twelve Million Dollars (\$12,000,000.00) of unsecured financing to Salem Communications Corporation ("Borrower") on the terms set forth below.

1. Revolving Line of Credit; Term

Borrower may borrow any amount, up to the amount stated above, as a revolving line of credit (the "Line of Credit") upon two business days' notice to Lender. If Borrower borrows funds, the funds will be due six months from the date Lender makes such funds available to Borrower. Borrower may prepay any or all of the funds borrowed at any time, without penalty. The Line of Credit will remain outstanding and available to Borrower, even if there is no outstanding balance due on the Line of Credit. The ability of Borrower to borrow under the Line of Credit will terminate upon either party giving thirty days written notice of such termination to the other party, with any outstanding balance at the time of termination due in accordance with the terms hereof.

2. Interest Rate; Payment

The interest rate on funds borrowed under the Line of Credit shall be the lesser of:

(a) five percent (5%) simple interest; or

(b) the then-current, applicable indexed rate (the rate of interest that Salem is required to pay) under the Second Amendment to Credit Agreement dated as of November 15, 2011 (the "Second Amendment"), to that certain Credit Agreement, dated as of December 1, 2009, as amended by that certain Amendment No. 1 and Waiver dated as of November 1, 2010 among Borrower, Wells Fargo Bank, National Association ("Wells Fargo"), as Administrative Agent,

Swing Line Lender and L/C Issuer, and each lender from time to time party thereto plus two percent (2%) (the "Applicable Interest Rate"). The Applicable Interest Rate shall accrue on any borrowings made hereunder from the date of withdrawal until the date the funds are repaid. Interest shall be due on the date that the funds are repaid. Partial payments on the Line of Credit balance shall be applied to the oldest outstanding amounts first.

3. Certain Conditions for Establishing the Line of Credit

The availability of funds pursuant to the Line of Credit shall be subject in all respects to the approval of the Line of Credit by the Board of Directors of Borrower.

4. Use of Funds

Borrower may use funds from the Line of Credit for any purpose.

5. Definitive Documentation

Following the execution of this Letter of Intent to Lend by Borrower, and if required by the Second Amendment, Borrower will prepare and deliver to Lender a definitive unsecured

revolving line of credit agreement (the "Line of Credit Agreement") containing terms consistent with this Letter of Intent to Lend and customary representations, warranties and terms for a transaction of this nature between similarly situated parties. If required, Lender and Borrower will each negotiate in good faith to execute the Line of Credit Agreement within seven days of the satisfaction of the conditions stated in Paragraph 3 of this Letter of Intent to Lend, and approval of the Line of Credit Agreement by Borrower's Board of Directors.

6. Fees/Expenses

Each party shall bear its own legal and accounting fees.

7. Confidentiality

All information concerning any party hereto that is provided to any other party hereto, other than publicly available information, will be kept in strict confidence by the party to whom such information is provided.

8. Binding Effect

The parties acknowledge and agree that this Letter of Intent to Lend is intended to be and shall be construed as binding upon the parties upon mutual execution. This Letter of Intent to Lend is intended to provide both guidance in the preparation of a more complete Line of Credit Agreement and evidence of a legally binding agreement between the parties, enforceable in accordance with the terms set forth above. The parties agree to use their best efforts to negotiate a more complete agreement that will supersede this agreement. However, failure to achieve a more complete agreement will not limit the enforceability of the agreement reflected in this Letter of Intent to Lend. This Letter of Intent to Lend will be binding upon the parties until terminated in accordance with the terms set forth herein or the parties execute a Line of Credit Agreement which shall supersede this Letter of Intent to Lend and all prior discussions, both written and oral, between the parties.

This Letter of Intent to Lend and Lender's commitment shall become effective as of the date of execution hereof by Borrower and upon receipt by Lender of a signed counterpart of this letter. This Letter of Intent to Lend shall be construed in accordance with the internal laws of the State of California.

The proposal outlined in this letter will automatically expire if not accepted and returned to Lender by 5:00 p.m. Pacific Standard Time on September 30, 2012.

Very truly yours,

/s/ROLAND S. HINZ

ROLAND S. HINZ

Agreed to and accepted this 12th day of September, 2012.

BORROWER:

SALEM COMMUNICATIONS CORPORATION

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