
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, 2017

SALEM MEDIA GROUP, INC.

(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

Assignment and Assumption of Rights to Acquire Real Property

On May 12, 2017, AM 570, LLC, a Maryland limited liability company controlled by Edward G. Atsinger III, Chief Executive Officer of Salem Media Group, Inc. (the “Company”), and Stuart W. Epperson, Chairman of the Board of the Company, entered into an Asset Purchase Agreement dated May 12, 2017 with Red Zebra Broadcasting Licensee, LLC and Red Zebra Broadcasting, LLC, (“Red Zebra APA”), entities not affiliated with the Company in any way, to purchase radio station WSPZ(AM) licensed to Bethesda, Maryland (the “Station”), and the associated transmitter site consisting of approximately 58 acres located in Germantown, Maryland (“Real Property”) for \$2,100,000, at a time when the Company was not in a position to do so.

On September 12, 2017, Salem Radio Properties, Inc. (“SRP”), a subsidiary of the Company, entered into a related party Assignment and Assumption of Real Property Rights and Obligations under Asset Purchase Agreement (“Real Property Assignment”) with AM 570, LLC. Pursuant to the terms of the Real Property Assignment, AM 570, LLC assigned its rights under the Red Zebra APA to SRP to purchase the Real Property. AM 570, LLC retained the rights to (and did) purchase the non-Real Property Station assets from Red Zebra. In accordance with the Red Zebra APA, \$1,500,000 of the purchase price was allocated to the Real Property, which amount was paid to the sellers by SRP, and \$600,000 of the purchase price was allocated to the non-Real Property Station assets, which amount was paid to the sellers by AM 570, LLC.

The Nominating and Corporate Governance Committee (the “Committee”) of the Company reviewed Real Property Assignment and determined that the terms of the transaction were no less favorable to the Company than those that would be available in a comparable transaction in arm’s length dealings with an unrelated third party. The material terms of the Real Property Assignment are as follows:

<u>Date</u>	<u>Rights Assigned</u>	<u>Price/Consideration</u>
September 12, 2017	All of AM 570, LLC’s rights to acquire the improved Real Property	Release of AM 570, LLC’s obligations to purchase the Real Property

WSPZ(AM) Related Party Local Marketing Agreement

On September 15, 2017, Salem Media of Virginia, Inc., a subsidiary of Company (“SMV”), entered into a related party Local Programming and Marketing Agreement (“LMA”) with AM 570, LLC. The LMA allows SMV to program the Station on the terms specified below while waiting for the Federal Communications Commission (“FCC”) to approve a sale of the non-Real Property assets of the Station by AM 570, LLC to SMV (see “WSPZ (AM) Asset Purchase Agreement” below).

The Nominating and Corporate Governance Committee (the “Committee”) of the Company reviewed the LMA and determined that the terms of the transaction were no less favorable to the Company than those that would be available in a comparable transaction in arm’s length dealings with an unrelated third party. The material terms of the LMA are as follows:

<u>LMA Commencement</u>	<u>Term</u>	<u>Station</u>	<u>Monthly Fee</u>
September 15, 2017	First to occur of Closing on the acquisition of the Station’s non-Real Property assets by Company, or 18 months	WSPZ(AM) FCC ID: 11846	Cost and expense reimbursement only

WSPZ(AM) Asset Purchase Agreement

On September 15, 2017, SMV entered into a related party Asset Purchase Agreement (“APA”) with AM 570, LLC. The APA is for the purchase of the Station for \$620,000. This amount reflects the \$600,000 paid by AM 570, LLC for the Station plus reimbursement of \$20,000 in acquisition costs incurred by AM 570, LLC. This transaction will close upon approval of the sale by the FCC.

The Nominating and Corporate Governance Committee (the “Committee”) of the Company reviewed the APA and determined that the terms of the transaction were no less favorable to the Company than those that would be available in a comparable transaction in arm’s length dealings with an unrelated third party. The material terms of the APA are as follows:

<u>Date</u>	<u>Assets Acquired</u>	<u>Purchase Price</u>
September 15, 2017	All assets, except for the Real Property, used in the operation of radio station WSPZ(AM)	\$620,000

WSPZ(AM) Transmitter Site Lease

On September 15, 2017, SRP, as landlord, entered into a related party lease (“Transmitter Site Lease”) with AM 570, LLC as tenant. The Transmitter Site Lease is for use of the Real Property by AM 570, LLC as licensee of the Station until sale of the Station is approved by the FCC. Upon approval by the FCC of the sale of the non-Real Property Station assets to SMV, the Transmitter Site Lease will be assigned to, and assumed by, SMV.

The Nominating and Corporate Governance Committee (the “Committee”) of the Company reviewed the Transmitter Site Lease and determined that the terms of the transaction were no less favorable to the Company than those that would be available in a comparable transaction in arm’s length dealings with an unrelated third party. The material terms of the Transmitter Site Lease are as follows:

<u>Date</u>	<u>Property Leased</u>	<u>Rent</u>
September 15, 2017	The Real Property	\$3,000 per month plus annual 2% increases

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

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

<u>Exhibit No.</u>	<u>Description</u>
<u>10.1</u>	<u>Assignment and Assumption of Real Property Rights and Obligations under Asset Purchase Agreement dated September 12, 2017 between AM 570, LLC and Salem Radio Properties, Inc.</u>
<u>10.2</u>	<u>Local Programming and Marketing Agreement dated September 15, 2017 between AM 570, LLC and Salem Media of Virginia, Inc.</u>
<u>10.3</u>	<u>Asset Purchase Agreement dated September 15, 2017 between AM 570, LLC and Salem Media of Virginia, Inc.</u>
<u>10.4</u>	<u>Transmitter Site Lease Agreement dated September 15, 2017 between Salem Radio Properties, Inc. and AM 570, LLC.</u>

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 MEDIA GROUP, INC.

Date: September 19, 2017

/s/Christopher J. Henderson

Christopher J. Henderson
Senior Vice President, General Counsel & Secretary

ASSIGNMENT AND ASSUMPTION OF REAL PROPERTY RIGHTS AND OBLIGATIONS UNDER ASSET PURCHASE AGREEMENT

This Assignment and Assumption of Real Property Rights and Obligations under Asset Purchase Agreement (“Assignment and Assumption”), dated as of September 12, 2017, is entered into by and between **AM 570, LLC** a Maryland limited liability company (“Assignor”) and **SALEM RADIO PROPERTIES, INC.**, a Delaware corporation (“Assignee”).

WHEREAS, Assignor and Red Zebra Broadcasting Licensee, LLC, a Delaware limited liability company (“RZ Licensee”) and Red Zebra Broadcasting, LLC, a Delaware limited liability company (“Red Zebra”, and collectively with RZ Licensee, “Sellers”) entered into an Asset Purchase Agreement, dated as of May 12, 2017, as amended by the First Amendment to Asset Purchase Agreement dated as of July 24, 2017 (the “Purchase Agreement”), pursuant to which, among other things, Assignor and Seller agreed that Assignor will acquire and Seller will sell certain assets used in the operation of radio broadcast station WSPZ(AM), FCC Facility ID. No. 11846, licensed to Bethesda, Maryland (the “Station”), upon the terms and conditions set forth therein;

WHEREAS, included in the assets to be acquired by Assignor pursuant to the Purchase Agreement is the real property as defined in Section 2.1(b) and on Schedule 3.7 of the Purchase Agreement; specifically certain real property located at 16925 Black Rock Road, Germantown, Maryland 20876 in Montgomery County, Maryland, shown as Lot 4, in a subdivision known as “SENECA PARK ESTATES”, including, without limitation the transmitter buildings and broadcast towers at such site that are owned by Red Zebra, and all right, title and interests of Sellers in and to the Tower Lease Agreement described in Schedule 3.9 of the Purchase Agreement (collectively, the “Real Property”);

WHEREAS, to enable the Real Property to be transferred, Assignor desires to assign its rights and obligations under the Purchase Agreement with respect to only the Real Property to Assignee, and Assignee desires to accept such rights and obligations;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in the Purchase Agreement and this Assignment and Assumption, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby covenant and agree as follows:

1. Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor’s right, title, and interest in and to the Purchase Agreement with respect to the Real Property only.
2. Assignee hereby assumes and undertakes to pay, to satisfy, and to discharge the liabilities, obligations, and commitments of Assignor under the Purchase Agreement with respect to the Real Property from the date hereof.

3. This Assignment and Assumption is in all respects subject to the provisions of the Purchase Agreement and is not intended in any way to supersede, to limit, or to qualify any provision of the Purchase Agreement.

4. Each of Assignor and, by its acceptance hereof, Assignee covenants and agrees to execute such further documents and instruments and to take such additional actions as may reasonably be requested by Assignee or Assignor, as the case may be, to vest in Assignee any and all of the assets, liabilities, obligations, and commitments being transferred hereby and otherwise to effectuate the intent of this Assignment and Assumption.

5. Unless otherwise defined herein, all capitalized terms used herein have the meanings ascribed to them in the Purchase Agreement.

6. This Assignment and Assumption may be signed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption to be executed and delivered effective as of the date first written above.

ASSIGNOR

AM 570, LLC

By /s/Brian J. Council
Brian J. Council
CFO and General Counsel

ASSIGNEE

SALEM RADIO PROPERTIES, INC.

By /s/Christopher J. Henderson
Christopher J. Henderson
Senior Vice President and Secretary

SIGNATURE PAGE TO
ASSIGNMENT AND ASSUMPTION OF REAL PROPERTY RIGHTS
AND OBLIGATIONS UNDER ASSET PURCHASE AGREEMENT

LOCAL MARKETING AGREEMENT

THIS LOCAL MARKETING AGREEMENT (this "**Agreement**") is made and entered into as of this 15th day of September, 2017, by and between AM 570, LLC, a Maryland limited liability company ("**Licensee**") and Salem Media of Virginia, Inc., a corporation organized and subsisting under the laws of the State of Virginia (the "**Programmer**").

BACKGROUND

WHEREAS, Licensee is the Federal Communications Commission (the "**FCC**") licensee of radio station WSPZ(AM), 570 kHz, Bethesda, MD, (FCC Facility ID No. 11846) (the "**Station**"), and has available broadcasting time on the Station;

WHEREAS, Programmer desires to avail itself of the broadcast time of the Station for the presentation of a programming service, including the sale of advertising time, in accordance with procedures and policies approved by the FCC.

WHEREAS, Licensee and Programmer have entered into an Asset Purchase Agreement ("**Purchase Agreement**"), of equal date hereto, pursuant to which Licensee will convey and Programmer will purchase certain assets associated with the Station.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Sale Of Time**1.1. Broadcast of Programming**

During the Term, as defined below, Licensee shall make available exclusively to Programmer broadcast time on the Station for up to 24 hours a day, seven days a week for the broadcast of Programmer's programs (the "**Programming**"); provided that Licensee shall specifically reserve from such time: (a) downtime occasioned by routine maintenance consistent with prior practice; (b) such times as the parties may agree, not to exceed two (2) hours per week, during which time Licensee may broadcast additional programming designed to address the concerns, needs and issues of the Station's listeners ("**Licensee's Public Service Programming**"); (c) times when Programmer's programs are not accepted or are preempted by Licensee in accordance with Section 2.3 of this Agreement or because such Programming does not satisfy the standards of Section 2.4.1 of this Agreement; and (d) Force Majeure Events, as defined in Section 1.5 of this Agreement (such hours, subject to the reservation, being the "**LMA Hours**").

1.2. Term

This Agreement shall be effective and binding between the parties as of the date first set forth above. The term for the provision of Programming by Programmer and related performance thereto by both parties of this Agreement (the "**Term**") shall be for the period commencing on September 15, 2017, or such other time as the parties mutually agree (the "**Commencement Date**"), and terminating on the earlier of: (a) three (3) months following the termination of the Purchase Agreement for any reason other than as a result of Programmer's default of the Purchase Agreement; (b) the Closing Date, as defined in the Purchase Agreement; (c) termination of this Agreement pursuant to Section 7; or (d) eighteen (18) months after the Commencement Date. Notwithstanding the foregoing, the parties may mutually agree to extend this Agreement for a period in excess of the period in (d) on mutually agreeable terms.

1.3. Payments

Programmer shall pay to Licensee the fees as set forth on Schedule 1.3 hereto, for the rights granted under this Agreement. In accordance with Licensee's rights under Section 2.3.2 below, and provided Programmer is not then in default hereof, if Licensee preempts, deletes, delays, suspends, cancels or fails to broadcast any of the Programming during time that would otherwise be considered as LMA Hours, Programmer shall receive a credit equal to the *pro rata* portion of the fees paid for the month in which such preemption, deletion, delay, suspension, cancellation or failure to broadcast occurs pursuant to Section 2.3.2. Any credit due Programmer shall be applied to the fees due immediately following the calendar month during which such suspension, cancellation, preemption or delay subject to credit occurred.

1.4. Advertising and Programming Revenues

During the broadcast of the Programming delivered to the Station by Programmer, Programmer shall have full authority to sell for its own account commercial time or block programming time on the Station and to retain all revenues and all accounts receivable arising from or relating to the Programming, including, without limitation, promotion-related revenues. Programmer may sell such time in combination with the sale of time on any other broadcast stations of its choosing. Licensee may barter or sell commercial time or mentions within Licensee's Public Service Programming or within programming presented in accordance with Section 2.3.2, provided that such barter or sale is incidental to the purpose of such programming and not for the commercial advantage of Licensee.

1.5. Force Majeure Events

Any failure or impairment of facilities or any delay or interruption in broadcasting the Programming due to fires, labor unrest, embargoes, civil commotion, rationing or other orders or requirements, acts of civil or military authorities, acts of God, strikes or threats thereof, other contingencies, including equipment failures, beyond the reasonable control of the parties or any other causes beyond the control of Licensee (collectively, "**Force Majeure Events**"), shall not constitute a breach of this Agreement.

2. Programming And Operating Standards

2.1. Nature of the Programming

Licensee acknowledges that Programmer has provided a description of the nature of the Programming to be produced by Programmer and Licensee has determined that the broadcasting of the Programming on the Station will serve the public interest.

2.2. Right to Use the Programming

The ownership of and all rights to use the Programming furnished by Programmer and to authorize its use in any manner and in any media whatsoever shall be at all times vested solely in Programmer except as specifically authorized by this Agreement.

2.3. Obligations and Rights of Licensee

Licensee shall be ultimately responsible for the control of the day-to-day operations of the Station and for complying with the FCC's rules and regulations with respect to (a) the staffing and maintenance of the Station's main studio; (b) the broadcast of political advertisements and programming (including, without limitation, the FCC's rules, regulations and policies with respect to equal opportunities, lowest unit charge and reasonable access); (c) the broadcast and nature of public service programming; (d) the maintenance of political and public inspection files and the Station's logs; (e) the ascertainment of issues of community concern; (f) the preparation of all quarterly issues/programs lists; and (f) the preparation and filing with the FCC of all required material with respect to the Station, including the Station's Biennial Ownership Report and periodic EEO reports. Notwithstanding the ultimate responsibility of Licensee for the foregoing, Programmer shall assist Licensee with such activities including, as applicable, assisting with the upload of new and legacy public file documents to the Station's online public file.

2.3.1. Licensee's Right to Reject Programming

Licensee shall retain the right to accept or reject any Programming or advertising announcements or material which Licensee in its good faith, reasonable judgment deems contrary to the Communications Act of 1934, as amended and the rules, regulations and policies of the FCC promulgated thereunder (collectively, the "FCA"). Licensee reserves the right to refuse to broadcast any Programming containing matter that Licensee reasonably in good faith believes to be, or that Licensee reasonably in good faith believes may be determined by the FCC or any court or other regulatory body with authority over Licensee or the Station to be, violative of any right of any third party or indecent, profane or obscene. Licensee may take any other actions which Licensee in its good faith, reasonable judgment deems necessary to ensure that the Station's operations comply with the laws of the United States, the State of Maryland, and the FCA (including the prohibition on unauthorized transfers of control). If, in the reasonable good faith judgment of Licensee or its General Manager, any portion of the Programming presented by Programmer does not meet the requirements of Section 2.4.1 of this Agreement, Licensee may suspend, cancel or refuse to broadcast any such portion of the Programming. Licensee expressly agrees that its right to reject or preempt any of the Programming or take action to ensure compliance with applicable laws shall not be exercised in an arbitrary manner or for the commercial advantage of Licensee, and the exercise by Licensee thereof shall be limited to the minimum extent reasonably necessary.

2.3.2. *Licensee's Right to Preempt Programming for Special Events*

Licensee shall have the right, in its reasonable, good faith judgment, to preempt any of the broadcasts of the Programming in order to broadcast a program deemed by Licensee, in its good faith, reasonable judgment, to be of greater national, regional, or local interest. In all such cases, Licensee will use its best efforts to give Programmer reasonable advance notice of its intention to preempt any regularly scheduled Programming, and, in such event, Programmer shall receive a payment credit for the Programming so omitted consistent with the intent and pursuant to the terms of Section 1.3 of this Agreement. Licensee expressly agrees that its right to reject or preempt any of the Programming shall not be exercised in an arbitrary manner or for the commercial advantage of Licensee.

2.3.3. *Maintenance and Repair of Transmission Facilities*

Licensee, with the cooperation and assistance of Programmer, shall use commercially reasonable efforts to maintain the Station's transmission equipment and facilities, including the respective antenna, transmitter and transmission line, and, shall provide for the delivery of electrical power to the Station's transmitting facilities in order to permit operation of the Station. Licensee shall use commercially reasonable efforts to undertake such repairs as are reasonably necessary to resume operation of the Station with the maximum authorized facilities, as expeditiously as possible following the occurrence of any loss or damage preventing such operation.

2.3.4. *Main Studio*

Licensee shall maintain a main studio (the "**Main Studio**") for the Station in the manner required under FCC rules. Licensee shall lease from Programmer space for the Main Studio at a property owned or leased by Programmer that complies with the FCC's main studio location rules, pursuant to a sublease agreement which Licensee and Programmer shall execute concurrently with this Agreement. For the sake of clarity, all Licensee equipment and assets located at the Main Studio shall be and remain the property of Licensee at all times during the Term. In the event of termination of this Agreement as provided herein, other than due to the closing of the purchase of the Station under the Purchase Agreement, Programmer shall allow Licensee at least 60-days to move the Station's main studio to a new location and to remove Licensee's equipment from the Main Studio leased from Programmer.

2.3.5. *Compliance with FCC Technical Rules*

Licensee shall be ultimately responsible for ensuring compliance by the Station with the technical operating and reporting requirements established by the FCC.

2.4. *Obligations and Rights of Programmer*

2.4.1. *Compliance with Laws and Station Policies*

All Programming shall conform in all material respects to all applicable provisions of the FCA, all other laws or regulations applicable to the broadcast of programming or commercial advertisements by the Station, and the standards set forth in Schedule 2.4.1. At no time during the Term shall Programmer or its employees or agents represent, hold out, describe, or portray Programmer as the licensee of the Station.

2.4.2. *License to Use Call Sign*

During the Term of this Agreement, Licensee grants Programmer the right to use the Station's call signs in connection with and during the Programming during the Term.

2.4.3. *Cooperation with Licensee*

Programmer, on behalf of Licensee, shall furnish within the Programming all Station identification announcements required by the FCC, and shall, upon request by Licensee, provide to Licensee information with respect to any of the Programming which is responsive to the public needs and interests of the area served by the Station to assist Licensee in the preparation of any required programming reports and will provide upon request other information to enable Licensee to prepare other records, reports and logs required by the FCC or other local, state or federal governmental agencies and, at the request of Licensee, to assist with the preparation of such records, logs and reports. Programmer shall maintain, deliver to Licensee and assist Licensee with the required public file obligations related to all records and information required by the FCC to be placed in the public inspection file of the Station pertaining to the broadcast of political programming and advertisements, in accordance with the provisions of Sections 73.1940 and 73.3526 of the FCC's rules, and agrees that, when presenting to Licensee for broadcast on the Station sponsored programming addressing political issues or controversial subjects of public importance, Programmer will do so in accordance with the provisions of Section 73.1212 of the FCC's rules and the applicable rules of the Federal Election Commission. Programmer shall consult with Licensee and adhere to all applicable provisions of the FCA, as announced from time to time, with respect to the carriage of political advertisements and programming (including, without limitation, the rights of candidates and, as appropriate, other parties, to "equal opportunities" and "reasonable access") and the charges permitted for such programming or announcements, and, in the event of a dispute, Licensee's determination shall govern.

2.4.4. Payola and Plugola

Programmer shall provide to Licensee in advance any information known to Programmer 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 Licensee by Programmer for broadcast on the Station, unless the party making or promising such payment is identified in the program as having paid for or furnished such consideration in accordance with FCC requirements. Commercial matter or programming with obvious sponsorship identification will not require disclosure beyond the sponsorship identification contained in the commercial copy or announced in connection with the programming. Programmer shall at all times endeavor in good faith to comply with the requirements of Sections 317 and 507 of the FCA.

2.4.5. Compliance with Copyright Act.

Programmer shall not broadcast any material on the Station in violation of the Copyright Act or the rights of any person. All music supplied by Programmer shall be (i) licensed by the program provider or by a music licensing agent such as ASCAP, BMI or SESAC, (ii) in the public domain, or (iii) cleared at the source by Programmer. Licensee shall not be obligated to pay any music licensing fees or other similar expenses required in connection with the material broadcast by Programmer on the Station, provided that Licensee will maintain ASCAP, BMI, and SESAC music licenses if needed for the Station, subject to reimbursement of all music licensing fees due for the Station under those licenses by Programmer.

2.4.6. Handling of Communications

Programmer shall provide Licensee with the original or a copy of any correspondence from a member of the public relating to the Programming to enable Licensee to comply with FCC rules and policies, including those regarding the maintenance of the public inspection file. Licensee shall not be required to receive or handle mail, cables, telegraph or telephone calls in connection with the Programming unless Licensee has agreed to do so in writing. Licensee shall promptly forward to Programmer all correspondence, payments, communications or other information and/or documents which it receives and which relate to the Programming, including without limitation, invoices, billing inquiries, checks, money orders, wire transfers, or other payments for services or advertising.

2.4.7. Use of Main Studio / Delivery of Programming

Programmer shall be entitled to use the Main Studio in the performance of its obligations under this Agreement, provided that such use shall be subject to the direction and control of Licensee's employees and shall not materially interfere with Licensee's use of the Main Studio. Programmer shall be solely responsible for delivering the Programming to the Station's transmitter site or the Main Studio (as directed by Licensee) for broadcast on the Station. In the event that Programmer needs to obtain a studio transmitter link or similar FCC authorization to facilitate Programmer's delivery of the Programming, Licensee agrees that it shall cooperate reasonably with Programmer to file any required application for such authority with the FCC.

3. Responsibility For Employees And Expenses

3.1. Licensee's Responsibility for Employees and Expenses

Licensee will employ at least two persons at the Station: a full-time management-level employee (who may or may not also be the designated Chief Operator), who shall report and be solely accountable to Licensee and shall direct Licensee's day-to-day operations of the Station, and a staff-level employee who shall report to and assist the management-level employee in the performance of his or her duties. Licensee will be responsible for payment of the salaries, benefits, taxes, insurance and similar expenses for these two employees, which payment shall be reimbursed by Programmer. Whenever at the Main Studio or otherwise on the premises of the Station, all of Programmer's personnel shall be subject to the supervision and the direction of the Licensee's General Manager and/or the Licensee's Chief Operator, as designated by Licensee. Licensee shall be responsible for the timely payment of the following expenses: all capital expenses for the Station other than those relating to maintenance and repair of the studio and transmitter site, any expenses due to casualty pursuant to Section 10, and all expenses that do not relate to the Station as currently operated. In addition, subject to reimbursement by Programmer pursuant to Schedule 1.3, Licensee shall be responsible for the timely payment of all costs and expenses related to the continued operation of the Station which are not paid directly by Programmer, including FCC regulatory and other fees, lease and/or mortgage payments for the Main Studio, and transmitter site, real estate and personal property taxes; rent and utility costs (telephone, electricity, etc.) relating to the Main Studio, existing transmitting site, transmitter and antennas, and Licensee's expenses under ASCAP, SESAC and BMI licenses, as required by such organizations; (e) maintenance and repair costs with respect to the transmitting equipment of the Station at the Main Studio or the transmitter site; and (f) all other reasonable and necessary payments related to the continued operation of the Station as it presently operates incurred by Licensee which are not paid directly by Programmer.

3.2. Programmer's Responsibility for Employees and Expenses

Programmer shall be responsible for the artistic personnel and material for the production of the Programming to be provided under this Agreement. Programmer shall employ and be responsible for the salaries, taxes, insurance and related costs for all of its personnel used in fulfillment of its rights and obligations under this Agreement. Programmer shall pay for all costs associated with production of the Programming and listener responses, including any copyright fees, and all other costs or expenses attributable to the Programming that is delivered by Programmer and broadcast on the Station. Programmer shall maintain at its expense commercially reasonable coverage for broadcaster's liability insurance, worker's compensation insurance and commercial general liability insurance with reputable insurance companies for operation of the Station, in amounts reasonably acceptable to Licensee. Licensee shall be named as an additional insured on such policies, and such policies shall not be terminable without notice to Licensee and an opportunity to cure any default thereunder. Programmer shall deliver to Licensee upon request a current certificate establishing that such insurance is in effect. Programmer shall be responsible for adherence to the FCC's EEO rules and policies for broadcast radio stations.

3.3. No Third Party Beneficiary Rights

No provisions of this Agreement shall create any third party beneficiary rights of any employee or former employee (including any beneficiary or dependent thereof) of Licensee in respect of continued employment (or resumed employment) with Licensee or with Programmer or in respect of any other matter.

4. Assignment And Assumption Of Certain Agreements, Rights And Obligations

Except for the reimbursement obligations set forth in Schedule 1.3, Programmer expressly does not, and shall not, assume or be deemed to assume, under this Agreement or otherwise by reason of the transactions contemplated hereby, any liabilities, obligations or commitments of Licensee of any nature whatsoever. Notwithstanding the foregoing, Programmer shall accept and broadcast on Station advertising supplied by Christal Radio Sales, Inc. pursuant to the Christal Representation Agreement dated December 1, 2014 for Station with Licensee, as assignee of Red Zebra Holdings, LLC. Any payments received by Licensee for such advertising shall be credited to Programmer.

5. Insurance and Indemnification

5.1. Insurance

During the Term, Programmer shall maintain its own policies of insurance covering liability for property damage in amounts customary for similar businesses in the Washington, D.C. area, which policies will name Licensee as an additional insured, and will indemnify and hold Licensee harmless with respect to any liabilities for property damage caused by Programmer, its agents or employees. The policies shall include property coverage of Licensee's property relating to the Station located at the Station's transmitter site(s), the Main Studio, and in any storage facilities, including damage or loss from fire, theft, and other casualties typically covered in property policies.

5.2. Indemnification

From and after the Commencement Date, Licensee and Programmer shall indemnify, defend, protect and hold harmless the other and their members, managers, officers, directors, owners and affiliates (the "**Indemnitees**") from and against any and all losses, costs, damages, liabilities or expenses (including reasonable attorneys' fees and expenses) (collectively, "**Claims**") that are proximately caused by (a) any programming provided by such party for broadcast on the Station; (b) any breach by such party of a representation, warranty, covenant or other agreement contained in this Agreement; and (c) the negligence of such party, its employees or agents in fulfilling its obligations under this Agreement. Without limiting the generality of the preceding sentence, Licensee shall indemnify and hold Programmer and its Indemnitees harmless from and against, and Programmer will indemnify and hold Licensee and its Indemnitees harmless from and against, liability with respect to matters arising from or relating to any programming produced or supplied by the indemnifying party, including liability for libel, slander, infringement of copyright or other intellectual property, violation of rights of privacy or proprietary rights, and for any claims of any nature, including fines imposed by the FCC, as a result of the broadcast on the Station of any programming produced or supplied by the indemnifying party, including, without limitation, any programming which the FCC determines was in violation of any FCC rule, regulation or policy relating to lotteries or games of chance; obscenity, profanity or indecency; broadcast hoaxes; political broadcasting; or the adequacy of sponsorship identification.

5.3. Procedure for Indemnification

The procedure for indemnification shall be as follows:

5.3.1. Notice

The party seeking indemnification (the “**Claimant**”) shall give notice to the party from whom indemnification is sought (the “**Indemnitor**”) of any claim, whether solely between the parties or brought by a third party, specifying (i) the factual basis for the Claim, and (ii) the amount of the Claim. If the Claim relates to an action, suit or proceeding filed by a third party against Claimant, notice shall be given by Claimant within fifteen (15) business days after written notice of the action, suit or proceeding was given to Claimant. In all other circumstances, notice shall be given by Claimant within thirty (30) business days after Claimant becomes, or should have become, aware of the facts giving rise to the Claim. Notwithstanding the foregoing, Claimant’s failure to give Indemnitor timely notice shall not preclude Claimant from seeking indemnification from Indemnitor except to the extent that Claimant’s failure has materially prejudiced Indemnitor’s ability to defend the claim or litigation.

5.3.2. Claims Between Parties

With respect to claims between the parties, following receipt of notice from the Claimant of a Claim, the Indemnitor shall have thirty (30) business days to make any investigation of the Claim that the Indemnitor deems necessary or desirable. For the purposes of this investigation, the Claimant agrees to make available to the Indemnitor and/or its authorized representatives the information relied upon by the Claimant to substantiate the Claim. If the Claimant and the Indemnitor cannot agree as to the validity and amount of the Claim within the 30-day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate legal remedy.

5.3.3. *Third Party Claims*

With respect to any Claim by a third party as to which the Claimant is entitled to indemnification hereunder, the Indemnitor shall have the right at its own expense to participate in or assume control of the defense of the Claim, and the Claimant shall cooperate fully with the Indemnitor, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant as the result of a request by the Indemnitor. If the Indemnitor elects to assume control of the defense of any third-party Claim, the Claimant shall have the right to participate in the defense of the Claim at its own expense. If the Indemnitor does not elect to assume control or otherwise participate in the defense of any third party Claim, Claimant may, but shall have no obligation to, defend or settle such Claim or litigation in such manner as it deems appropriate, and in any event Indemnitor shall be bound by the results obtained by the Claimant with respect to the Claim (by default or otherwise) and shall promptly reimburse Claimant for the amount of all expenses (including the amount of any judgment rendered), legal or otherwise, incurred in connection with such Claim or litigation. The Indemnitor shall be subrogated to all rights of the Claimant against any third party with respect to any Claim for which indemnity was paid.

5.4. *Limitations*

Neither Programmer nor Licensee shall have any obligation to the other party for any indemnification hereunder except upon compliance by the other party with the provisions of this Section 5.

6. **Default and Cure**

6.1. *Events of Default*

The following shall, after the expiration of the applicable cure periods as set forth in Section 6.2, each constitute an Event of Default under this Agreement by the party responsible for the action, or failure to act, described below:

6.1.1. *Non-Payment*

Programmer's failure to pay when due the Monthly Fee and the Station Expenses payable under Section 1.3 and Schedule 1.3 of this Agreement.

6.1.2. *Default in Covenants or Adverse Legal Action*

a. Any party (i) defaults in the performance of any material covenant, condition or undertaking contained in this Agreement, (ii) makes a general assignment for the benefit of creditors, or (iii) files or has filed against it a petition for bankruptcy, for reorganization or an arrangement, or for the appointment of a receiver, trustee or similar creditors' representative for the property or assets of such party under any federal or state insolvency law, which, if filed against such party, has not been dismissed or discharged within 60 days thereafter, or

b. As a consequence of any act or omission of Licensee or Programmer, the FCC issues a Hearing Designation Order or commences any hearing with respect to the Station, issues a Show Cause Order, a Letter of Inquiry (as to which counsel for the party not responsible for the matter addressed in such Letter of Inquiry determines in the reasonable exercise of his or her discretion that there is a reasonable basis to believe that the FCC may take material adverse action with respect such matter), Notice of Apparent Liability, or Order of Forfeiture with respect to the Station, provided, however that it shall not be an Event of Default by one party, if such Order, Letter of Inquiry, Notice of Apparent Liability or hearing results from the act or omission of the other party hereto. This subsection (b) shall not apply to hearings with respect to any FCC applications during the Term for changes to the facilities of the Station.

6.1.3. Breach of Representation

Any material representation or warranty made by either party to this Agreement, or in any certificate or document furnished by either party to the other pursuant to the provisions of this Agreement, proves to have been false or misleading in any material respect as of the time made or furnished.

6.1.4. Breach of Purchase Agreement

Any material breach of the Purchase Agreement.

6.2. Cure Periods

Except as provided herein, an Event of Default shall not be deemed to have occurred until the non-defaulting party has provided the defaulting party with written notice specifying the event or events that, if not cured within thirty (30) days, would constitute an Event of Default; provided, however, that (i) if the Event of Default is non-monetary and cannot reasonably be cured within such period, and if diligent efforts to cure promptly commence, then the cure period shall continue as long as such diligent efforts to cure continue, and (ii) in the event of a non-payment as provided in Section 6.1.1 hereof, Licensee shall not have to give such notice or opportunity to cure if, within the preceding six (6) months, such notice has previously been given. If not cured within the cure period, the Event of Default shall be deemed to have occurred as of the date the event (that is, the act, failure to act, omission, filing, or other such occurrence) triggering the Event of Default occurred. The cure period for a failure by Programmer to supply the Programming for broadcast by the Station shall be ten (10) business days from the receipt of written notice by Licensee.

7. Termination

7.1. Termination Upon Default

Upon the occurrence of any Event of Default, the non-defaulting party may terminate this Agreement, provided that it is not also in material default of this Agreement, and may seek such remedies at law and equity as provided herein. If this Agreement is terminated as a result of Programmer's default in the performance of its obligations, all amounts accrued or payable to Licensee up to the date of termination which have not been paid shall become due and payable within ten (10) business days.

7.2. Termination for Change in Governmental Rules or Policies

The parties believe that the terms of this Agreement meet all of the requirements of current federal governmental policy, including that of the FCC, for time brokerage or local marketing agreements, and agree that they shall negotiate in good faith to meet any governmental concern with respect to this Agreement. If the parties cannot agree within a reasonable time to modification(s) deemed necessary by either party to meet such governmental requirements, either party may terminate this Agreement upon written notice to the other.

7.3. Certain Matters Upon Termination

7.3.1. No Obligation to Provide Time

If this Agreement is terminated for any reason other than the occurrence of the consummation of the assignment of the licenses and authorizations issued by the FCC for the Station, Licensee shall be under no further obligation to make available to Programmer any broadcast time or broadcast transmission facilities, and Programmer shall have no further obligations to make any payments to Licensee under Schedule 1.3 attributable to any period after the effective date of termination. Programmer shall be solely responsible for all of its liabilities, debts and obligations to third parties incident to Programmer's purchase of broadcast time under this Agreement and Programmer's production and provision of the Programming, including, accounts payable provided that Licensee shall be responsible for Licensee's federal, state, and local tax liabilities associated with Programmer's payments to Licensee under Schedule 1.3. So long as this Agreement is not terminated as a result of Programmer's breach or default, Licensee agrees that it will cooperate reasonably with Programmer to discharge in exchange for reasonable compensation any remaining obligations of Programmer in the form of air time following the date of termination.

7.3.2. Return of Equipment

Programmer shall return to Licensee any of Licensee's equipment or property used by Programmer, its employees or agents, in substantially the same condition as such equipment existed on the Commencement Date, ordinary wear and tear excepted. The lease for the Main Studio shall terminate but, as provided elsewhere in this Agreement, Licensee shall be provided at least 60-days to remove its equipment and to locate and move to a new FCC compliant main studio.

7.4. Liability for Prior Conduct

No expiration or termination of this Agreement shall terminate the obligation of each party to indemnify the other for claims of third parties under Section 5 of this Agreement or limit or impair any party's rights to receive or make payments due and owing in accordance with this Agreement on or before the date of such termination.

7.5. Attorneys' Fees and Costs

In the event any action or proceeding is commenced by either party to enforce the provisions of this Agreement or to seek remedies for a breach or wrongful termination of this Agreement, the prevailing party in such an action or proceeding shall be entitled to the award of its reasonable attorneys fees and costs incurred in and relating to such an action or proceeding.

7.6. Liquidated Damages

If this Agreement is terminated by Licensee's giving of valid written notice to Programmer pursuant to Section 7.1, Programmer agrees that Licensee shall be entitled to receive, as liquidated damages and not as a penalty, an amount equal to Twenty Five Thousand Dollars (\$25,000). THE DELIVERY OF THE LIQUIDATED DAMAGES AMOUNT TO SELLER SHALL BE CONSIDERED LIQUIDATED DAMAGES AND NOT A PENALTY, AND SHALL BE THE RECIPIENT'S SOLE REMEDY AT LAW OR IN EQUITY FOR THE TERMINATION OF THIS AGREEMENT AS A RESULT OF PROGRAMMER'S BREACH. PROGRAMMER AND LICENSEE EACH ACKNOWLEDGE AND AGREE THAT THIS LIQUIDATED DAMAGE AMOUNT IS REASONABLE IN LIGHT OF THE ANTICIPATED HARM WHICH WILL BE CAUSED BY TERMINATION OF THIS AGREEMENT AS A RESULT OF PROGRAMMER'S BREACH OF THIS AGREEMENT, THE DIFFICULTY OF PROOF OF LOSS, THE INCONVENIENCE AND NON-FEASIBILITY OF OTHERWISE OBTAINING AN ADEQUATE REMEDY, AND THE VALUE OF THE TRANSACTIONS TO BE CONSUMMATED HEREUNDER.

7.8 Limitation on Damage

Notwithstanding anything here to the contrary, in the event of Licensee's default of this Agreement and its failure to cure such default as provided in Section 6.2 hereof, Programmer shall be entitled to seek, as its sole remedy, specific performance of this Agreement or, in lieu thereof, its actual damages, but not both. Neither Licensee nor Programmer shall, under any circumstances, be liable for any special, exemplary, punitive, incidental, or consequential damages regardless of the cause.

8. Representations And Warranties

8.1. Representations and Warranties of Licensee

Licensee hereby represents and warrants that:

8.1.1. Organization and Standing

Licensee is a Maryland limited liability company and has all necessary right, power and authority to own the Station's assets, to lease all leased assets and to utilize all of the Station's assets and to carry on the business of the Station.

8.1.2. Binding Obligation

Licensee has all necessary power to enter into and perform this Agreement and the transactions contemplated hereby. This Agreement constitutes a valid and binding obligation of Licensee, enforceable in accordance with its terms.

8.1.3. Absence of Conflicting Agreements or Required Consents

The execution, delivery and performance of this Agreement by Licensee (a) do not and will not require the consent or approval of or any filing with any third party or governmental authority, other than the FCC; (b) do not and will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority; and (c) do not and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination or acceleration of or result in a breach of the terms, conditions or provisions of, or constitute a default under any agreement, lease, instrument, license or permit to which Licensee or any of its assets is now subject; and (d) do not and will not violate any provision of Licensee's organizational documents.

8.2. Representations and Warranties of Programmer

Programmer hereby represents and warrants that:

8.2.1. Organization and Standing

Programmer is a corporation duly formed, validly existing and in good standing under the laws of the State of Virginia and has all necessary power and authority to perform its obligations hereunder.

8.2.2. Authorization and Binding Obligation

Programmer has all necessary power and authority to enter into and perform this Agreement and the transactions contemplated hereby, and Programmer's execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action on its part. This Agreement has been duly executed and delivered by Programmer and constitutes its valid and binding obligation enforceable against Programmer in accordance with its terms.

8.2.3. Absence of Conflicting Agreements or Required Consents

The execution, delivery and performance of this Agreement by Programmer: (a) do not and will not violate any provision of Programmer's organizational documents; (b) do not and will not require the consent of any third party or governmental authority other than the FCC; (c) do not and will not violate any law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority; and (d) do not and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination or acceleration of or result in a breach of the terms, conditions or provisions of, or constitute a default under any agreement, lease, instrument, license or permit to which Programmer is now subject.

8.2.4 *Qualification.*

Programmer is legally and financially qualified to provide the Programming to the Station as contemplated herein without waiver of any FCC rule or policy.

9. Certifications

9.1. *Programmer's Certification*

Programmer hereby certifies that this Agreement complies with the provisions of Sections 73.3555 (a) and (d) of the FCC rules.

9.2. *Licensee's Certification*

Licensee hereby certifies that it shall maintain ultimate control over the Station's facilities, including but not limited to control over the finances with respect to the operation of the Station, over its personnel operating the Station, and over the programming to be broadcast by the Station.

10. Casualty and Insurance.

Upon the occurrence of any casualty loss, damage or destruction material to the operation of the Station, Licensee shall use its reasonable efforts to promptly commence and thereafter to diligently proceed to repair or replace any such lost, damaged or destroyed property, at its expense. During the Term hereof, Licensee shall use reasonable commercial efforts to maintain insurance upon all of the tangible personal property of the Station in such amounts and of such kind to cover the full amount of any loss with respect to such property and with respect to the operation of the Station, with insurers of substantially the same or better financial condition as are currently insuring that property.

11. Miscellaneous

11.1. *Modification and Waiver*

No modification or waiver of any provision of this Agreement shall be effective unless made in writing and signed by the party adversely affected, and any such waiver and consent shall be effective only in the specific instance and for the purpose for which such consent was given.

11.2. No Waiver; Remedies Cumulative

No failure or delay on the part of Licensee or Programmer in exercising any right or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties to this Agreement are cumulative and are not exclusive of any right or remedies which either may otherwise have.

11.3. Governing Law

The construction and performance of this Agreement shall be governed by the laws of the State of Maryland without regard to its principles of conflict of law.

11.4. No Partnership or Joint Venture

This Agreement is not intended to be and shall not be construed as a partnership or joint venture agreement between the parties. Except as otherwise specifically provided in this Agreement, no party to this Agreement shall be authorized to act as agent of or otherwise represent any other party to this Agreement.

11.5. Benefit and Assignment

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Neither Programmer nor Licensee may assign its rights under this Agreement without the prior written consent of the other parties hereto provided that Programmer may, without the consent of Licensee, (i) assign its rights and obligations hereunder in whole or in part to any entity under common control with Programmer provided that the assignee agrees, in writing, to assume and be bound by Programmer's obligations hereunder. Upon any such assignment by Programmer of its rights hereunder, references to "**Programmer**" shall include such assignee, provided, however, that no such assignment shall relieve Programmer of any obligation hereunder.

11.6. Headings

The headings set forth in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

11.7. Counterparts

This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

11.8. Notices

Any notice, report, demand, waiver or consent required or permitted hereunder shall be in writing and shall be given by hand delivery, by prepaid registered or certified mail, with return receipt requested, or by an established national overnight courier providing proof of delivery for next business day delivery addressed as follows:

If to Licensee: AM 570, LLC
855 Aviation Drive
Camarillo, CA 93010
Attn: Brian J. Council
Facsimile: (805) 456-7869

If to Programmer: Salem Media of Virginia, Inc.
4880 Santa Rosa Road
Camarillo, California 93012
Attn: Christopher J. Henderson
Facsimile: (805) 384-4505

The date of any such notice and service thereof shall be deemed to be the day of delivery if hand delivered or delivered by overnight courier or the day of delivery as indicated on the return receipt if sent by mail. Either party may change its address for the purpose of notice by giving notice of such change in accordance with the provisions of this [Section 11.8](#).

11.9. Duty to Consult

Each party agrees that it will use its best efforts not to take any action that will unreasonably interfere, threaten or frustrate the other party's purposes or business activities, and that it will keep the other party informed of, and coordinate with the other party regarding, any of its activities that may have a material effect on such party.

11.10. Further Assurances

From time to time after the date of execution hereof, the parties shall take such further action and execute such further documents, assurances and certificates as either party reasonably may request of the other to effectuate the purposes of this Agreement.

11.11. Severability

In the event that any of the provisions of this Agreement shall be held unenforceable, then the remaining provisions shall be construed as if such unenforceable provisions were not contained herein. Any provision of this Agreement which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law now or hereafter in effect which renders any provision hereof unenforceable in any respect.

11.12. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.13. Waiver of Trial by Jury

PROGRAMMER AND LICENSEE WAIVE ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, COUNTERCLAIM, OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS AGREEMENT. THIS WAIVER APPLIES TO ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS AND PROCEEDINGS, INCLUDING PARTIES WHO ARE NOT PARTIES TO THIS AGREEMENT. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY PROGRAMMER AND PROGRAMMER ACKNOWLEDGES THAT NEITHER LICENSEE, NOR ANY PERSON ACTING ON BEHALF OF LICENSEE, HAD MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. PROGRAMMER FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. PROGRAMMER FURTHER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER PROVISION.

11.14. Legal and Accounting Fees

Except as provided in Sections 5.1 and 7.5 hereof, Programmer and Licensee each shall bear its own legal and accounting fees incurred relating to this Agreement and the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized corporate officers and their respective corporate seals thereunto affixed on this the day and date first written above.

AM 570, LLC

By: /s/Brian J. Council
Name: Brian J. Council
Title: Chief Financial Officer

SALEM MEDIA OF VIRGINIA, INC.

By: /s/Christopher J. Henderson
Name: Christopher J. Henderson
Title: Senior Vice President

SIGNATURE PAGE TO
LOCAL MARKETING AGREEMENT

SCHEDULE 1.3

COMPENSATION

For and during the Term hereof, Programmer shall reimburse Licensee for all reasonable out-of-pocket costs and expenses associated with or arising out of the current operation of the Station ("Station Expenses"), including (without limitation) the cost to maintain the Station's transmitter and antennas, premiums for insurance, the salaries, benefits, taxes, insurance and similar expenses for the two FCC-required Licensee employees, FCC regulatory and other fees, and the cost and expense of all rent, utilities, telephones (including T-1 or other transmission lines between the Station's studio and transmitter sites) and music license fees for the operation of the Station. Notwithstanding the preceding sentence, "Station Expenses" shall not include (i) any inter-company charges; (ii) any capital expenditures for the Station other than those necessary to maintain or repair the Station's equipment and current transmitter site; or (iii) any expenses due to casualty pursuant to Section 10. All Station Expenses shall be due and payable not later than thirty (30) days after Programmer's receipt of written itemizations of said expenses. All ongoing Station Expenses to be paid by Programmer shall be prorated as of the Commencement Date.

SCHEDULE 2.4.1

PROGRAM STANDARDS

Programmer agrees to cooperate with Licensee in the broadcasting of programs in a manner consistent with the standards of Licensee, as set forth below:

1. **Political Programming and Procedures.** At least 90 days before the start of any primary or regular election campaign, Programmer will coordinate with Licensee's management employee the rates Programmer will charge for time to be sold to candidates for public office and/or their supporters to make certain that the rates charged conform to all applicable laws and the Station's policy. Throughout a campaign, Programmer will comply with all applicable laws and rules concerning political broadcasts and will promptly notify Licensee's management employee of any disputes concerning either the treatment of or rate charged a candidate or supporter.
 2. **Required Announcements.** Programmer shall broadcast an announcement in a form satisfactory to Licensee at the beginning of each hour to identify the Station, and any other announcement that may be required by law, regulation, or the Station's policy.
 3. **Commercial Record Keeping.** Programmer shall maintain such records of the receipt of, and provide such disclosure to Licensee of, any consideration, whether in money, goods, services, or otherwise, which is paid or promised to be paid, either directly or indirectly, by any person or company for the presentation of any programming over the Station as are required by Sections 317 and 507 of the Communications Act and the rules and regulations of the FCC.
 4. **No Illegal Announcements.** No announcements or promotion prohibited by federal or state law or regulation of any lottery, game or contest shall be made over the Station. Licensee reserves the right to reject any game, contest or promotion which, in its reasonable judgment, it deems violative of any applicable FCC rule or federal, state or local law or regulation.
 5. **Indecency, Hoaxes.** No programming violative of applicable laws and rules concerning indecency or hoaxes will be broadcast over the Station.
 6. **Controversial Issues.** Any broadcast over the Station concerning controversial issues of public importance shall comply with FCC rules and policies.
 7. **Licensee's Discretion Paramount.** In accordance with Licensee's responsibility under the Communications Act of 1934, as amended, and the rules and regulations of the FCC, Licensee reserves the right to reject or terminate any advertising proposed to be presented or being presented over the Station which is in conflict with the Station's policy or which, in the good faith, reasonable judgment of Licensee or its management employee would be contrary to the Act or the Rules. Licensee may waive any of the foregoing regulations in specific instances if, in its reasonable opinion, good broadcasting in the public interest will be served thereby.
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**ASSET PURCHASE AGREEMENT
(WSPZ(AM), Bethesda, MD)**

This Asset Purchase Agreement (this "Agreement") is dated as of September 15, 2017, by and between AM 570, LLC, a Maryland limited liability company ("Seller"), and Salem Media of Virginia, Inc., a Virginia corporation ("Buyer").

RECITALS:

1. Seller owns and operates radio station WSPZ(AM), FCC Facility ID. No. 11846, licensed to Bethesda, MD (the "Station"), and holds the licenses and authorizations issued by the FCC for the operation of the Station.
2. Seller is the tenant under a lease to use on a nonexclusive basis, as the transmitter site for the Station, a 58-acre parcel of real property located at 16925 Black Rock Road, Germantown, Maryland 20876 in Montgomery County, Maryland, (the "Real Property") including four (4) towers thereon (referred herein as the "Tower Lease Agreement" and described on Schedule 3.9).
3. Concurrently with this Agreement, Seller and Buyer are entering into a Local Marketing Agreement (the "LMA") to allow Buyer to program the Station until such time as the transaction contemplated hereby can be consummated.
4. Buyer desires to acquire certain assets of the Station, and Seller is willing to convey such assets to Buyer.
5. The acquisition of the Station is subject to prior approval of the FCC.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, Seller and Buyer hereby agree as follows:

ARTICLE 1

TERMINOLOGY

- 1.1 **Act.** The Communications Act of 1934, as amended.
 - 1.2 **Adjustment Amount.** As provided in Section 2.7, the amount by which a party's account is to be credited or charged, as reflected on the Adjustment List(s).
 - 1.3 **Adjustment List.** As provided in Section 2.7, an itemized list(s) of all sums to be credited or charged against the account of Buyer or Seller, as applicable, with a brief explanation in reasonable detail of the credits or charges, consistent with the allocation principle set forth in Section 2.7(a) and (b).
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- 1.4 **Assumed Obligations.** Such term shall have the meaning defined in Section 2.3.
- 1.5 **Business Day.** Any calendar day, excluding Saturdays and Sundays, on which federally chartered banks in the District of Columbia are regularly open for business.
- 1.6 **Buyer's Threshold Limitation.** As provided in Section 9.3 (b), the threshold dollar amount for the aggregate of claims, liabilities, damages, losses, costs and expenses that must be incurred by Buyer for a breach of Seller's representations or warranties hereunder before Seller shall be obligated to indemnify Buyer. The Buyer's Threshold Limitation shall be Twenty-Five Thousand Dollars (\$25,000) in the aggregate.
- 1.7 **Closing.** The closing with respect to the transactions contemplated by this Agreement as provided in Article VIII.
- 1.8 **Closing Date.** The date determined as the Closing Date as provided in Section 8.1.
- 1.9 **Documents.** This Agreement and all Schedules hereto, and each other agreement, certificate, or instrument delivered pursuant to or in connection with this Agreement, including amendments thereto that are expressly permitted under the terms of this Agreement.
- 1.10 **Earnest Money.** The amount of Thirty Thousand Dollars (\$30,000).
- 1.11 **Environmental Assessment.** Such term shall have the meaning defined in Section 5.10.
- 1.12 **Environmental Laws.** The Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Clean Air Act and the Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Emergency Planning and Community Right-to-Know Act, the Safe Drinking Water Act, each as amended, and any other applicable federal, state and local laws, statutes, rules or regulations concerning or relating to the treating, producing, handling, storing, releasing, spilling, leaking, pumping, pouring, emitting or dumping of Hazardous Materials, or the pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata).
- 1.13 **Escrow Agent.** Fletcher, Heald & Hildreth, PLC.
- 1.14 **Escrow Agreement.** The Escrow Agreement which Buyer, Seller and Escrow Agent have entered into concurrently with the execution of this Agreement relating to the deposit, holding, investment and disbursement of the Earnest Money.
- 1.15 **Excluded Assets.** Such term shall have the meaning defined in Section 2.2.
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1.16 **FCC.** Federal Communications Commission.

1.17 **FCC Licenses.** The licenses, permits and authorizations (and any renewals, extensions, amendments or modifications thereof) granted by the FCC for the operation of the Station, including without limitation those listed on Schedule 3.8, and including without limitation all pending assignable licenses, permits, and authorizations of the FCC to the extent they pertain to the operation of the Station.

1.18 **FCC Order.** An action, order or decision of the FCC granting its consent to the assignment of the FCC Licenses to Buyer without any Material Adverse Conditions other than those of general applicability.

1.19 **Final Action.** An action of the FCC that has not been reversed, stayed, enjoined, set aside, annulled or suspended; with respect to which no timely petition for reconsideration or administrative or judicial appeal or sua sponte action of the FCC with comparable effect is pending and as to which the time for filing any such petition or appeal (administrative or judicial) or for the taking of any such sua sponte action of the FCC has expired.

1.20 **Hazardous Materials.** Toxic materials, hazardous wastes, hazardous substances, pollutants or contaminants, asbestos or asbestos-related products, polychlorinated biphenyls ("PCBs"), petroleum, crude oil or any fraction or distillate thereof in excess of legally-defined permissible limits (as such terms are defined in any applicable federal, state or local laws, ordinances, rules and regulations, and including any other terms which are or may be used in any applicable Environmental Laws to define prohibited or regulated substances).

1.21 **Indemnified Party.** Any party described in Section 9.3 or Section 9.4 against which any claim or liability may be asserted by a third party which would give rise to a claim for indemnification under the provisions of this Agreement by such party.

1.22 **Indemnifying Party.** The party to this Agreement (not the Indemnified Party) that, in the event of a claim or liability asserted by a third party against the Indemnified Party which would give rise to a claim for indemnification under the provisions of this Agreement, is obligated to indemnify and hold harmless the Indemnified Party to the extent expressly provided in this Agreement.

1.23 **Lien.** Any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, lien, lease or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, affecting any Sale Assets, including any written or oral agreement to give or grant any of the foregoing, any conditional sale or other title retention agreement, and the filing of or agreement to give any financing statement with respect to any of the Sale Assets under the Uniform Commercial Code as adopted in the state of Delaware.

1.24 **Material Adverse Condition.** A condition, event or circumstance which would materially restrict, limit, increase the cost or burden of or otherwise materially adversely affect or materially impair the right of Buyer to the ownership, use, control, enjoyment or operation of the Station or the proceeds therefrom; provided, however, that any condition which requires that the Station be operated in accordance with a condition similar to those contained in the present FCC Licenses issued for operation of the Station shall not be deemed a Material Adverse Condition.

1.25 **OSHA Laws.** The Occupational Safety and Health Act of 1970, as amended, and all other federal, state or local laws or ordinances, including orders, rules and regulations thereunder, regulating or otherwise affecting health and safety of the workplace.

1.26 **Permitted Lien.** For purposes hereof, "Permitted Lien" shall mean (i) easements, restrictions, and other similar matters which will not materially adversely affect the use of the Real Property in the ordinary course of business or do not in any material respect detract from the value of the Real Property; (ii) liens for taxes not due and payable or that are being contested in good faith by appropriate proceedings; (iii) mechanics', materialmen's, carriers', warehousemen's, landlords' or other similar liens in the ordinary course of business for sums not yet due or which are being contested in good faith by appropriate proceedings; (iv) liens or mortgages that will be released at Closing; (v) zoning ordinances and regulations, including statutes and ordinances relating to the liens of streets and to other municipal improvements, which will not materially adversely affect the use of the Real Property in the ordinary course of business, provided that any of the foregoing alone or in the aggregate do not materially impair the value or materially interfere with the use of any asset or property of the Seller material to the operation of its business as it has been and is now conducted; and/or (vi) the Assumed Obligations.

1.27 **Person.** Any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivisions thereof.

1.28 **Purchase Price.** The consideration to be paid by Buyer to Seller for purchase of the Sale Assets is an amount equal to Six Hundred Twenty Thousand Dollars (\$620,000) payable pursuant to the terms of Section 2.5 and subject to adjustments pursuant to Section 2.7.

1.29 **Real Property.** Such term shall have the meaning defined in Recital 2.

1.30 **Rules and Regulations.** The rules of the FCC as set forth in Volume 47 of the Code of Federal Regulations, as well as such other policies of the FCC, whether contained in the Code of Federal Regulations or not, that apply to the Station.

1.31 **Sale Assets.** All of the tangible and intangible assets to be transferred by Seller to Buyer as set forth in Section 2.1.

1.32 **Seller's Threshold Limitation.** As provided in Section 9.4 (b), the threshold dollar amount for the aggregate of claims, liabilities, damages, losses, costs and expenses that must be incurred by Seller for a breach of Buyer's representations or warranties hereunder before Buyer shall be obligated to indemnify Seller. The Seller's Threshold Limitation shall be Twenty-Five Thousand Dollars (\$25,000) in the aggregate.

1.33 **Station Agreements.** The agreements, commitments, contracts, leases and other items listed in Schedule 3.9.

1.34 **Tangible Personal Property.** The personal property described in Section 2.1(a) and more fully described in Schedule 3.6.

ARTICLE II

PURCHASE AND SALE

2.1 **Sale Assets.** On the Closing Date, Seller will sell, transfer, assign and convey to Buyer, and Buyer will purchase from Seller, free and clear of all Liens, except Permitted Liens, all of Seller's right, title and interest, legal and equitable, in and to the following assets to the extent such assets are used or held for use in the operation of the Station:

(a) **Tangible Personal Property.** All equipment, parts, supplies, fixtures, and other tangible personal property now or hereinafter owned by Seller and located at the Real Property and listed on Schedule 3.6, in each case as used or held for use exclusively in connection with the operation of the Station, together with such modifications, replacements, improvements and additional items, made or acquired between the date hereof and the Closing Date;

(b) **Tower Lease.** All right, title and interest of Seller in and to the Tower Lease Agreement described in Schedule 3.9;

(c) **Licenses and Permits.** The FCC Licenses and all other assignable or transferable governmental permits, licenses and authorizations (and any renewals, extensions, amendments or modifications thereof) now held by Seller or hereafter obtained by Seller between the date hereof and the Closing Date, to the extent such other permits, licenses and authorizations are used or held for use exclusively in the operation of the Station;

(d) **Station Agreements.** The agreements which are listed on Schedule 3.9, as well as any renewals, extensions, amendments or modifications of those agreements which are made in the ordinary course of Seller's operation of the Station and in accordance with the terms and provisions of this Agreement;

(e) **Records.** Copies of all of the books, records, accounts, files, logs, ledgers and reports of Station engineers exclusively pertaining to or used in the operation of the Station (other than corporate records), including but not limited to the Station's public inspection file; and

(f) **Intangible Assets.** The WSPZ call letters.

2.2 **Excluded Assets.** Notwithstanding any provision of this Agreement to the contrary, the Sale Assets shall not include, and Seller shall not transfer, convey or assign to Buyer (but shall retain all of its right, title and interest in and to), all of the following assets owned or held by Seller ("Excluded Assets"):

(a) Any and all cash, cash equivalents, cash deposits to secure contract obligations, all inter-company receivables from any affiliate of Seller and all other bank deposits and securities held by Seller in respect of the Station;

(b) Subject to the LMA, Seller's interests in the Station's accounts receivable and any other rights to payment of cash consideration for goods or services sold or provided prior to the Effective Time (as defined in Section 2.7) or otherwise arising during or attributable to any period prior to the Effective Time (the "A/R");

(c) Any and all claims of Seller with respect to the Sale Assets or the Station arising during or attributable to the period prior to the Closing including, without limitation, claims for tax refunds and refunds of fees paid to the FCC;

(d) All deposits and prepaid expenses (except to the extent Seller receive a credit therefor under Section 2.7, in which event the prepaid expense shall be included as part of the Sale Assets);

(e) All contracts of insurance, all coverages and proceeds thereunder and all rights in connection therewith, including without limitation rights arising from any refunds due with respect to insurance premium payments to the extent related to such insurance policies;

(f) All employee benefit plans and the assets thereof and all employment contracts;

(g) All contracts that are terminated in accordance with the terms and provisions of this Agreement or have expired prior to the Closing Date in the ordinary course of business, and all loans and loan agreements;

(h) All tangible personal property disposed of or consumed between the date hereof and the Closing Date in accordance with the terms and provisions of this Agreement and in the ordinary course of business;

(i) Seller's corporate and trade names not exclusive to the operation of the Station (including the name "AM 570, LLC"), charter documents, and books and records relating to the organization, existence or ownership of Seller, duplicate copies of the records of the Station, and all records not relating to the operation of the Station;

(j) All commitments, contracts and agreements not specifically assumed by Buyer pursuant to Section 2.1(d), above, including without limitation all agreements by Seller for the sale of advertising time on the Station;

(k) Seller's right, title and interest in the Station's studio site, and all tangible assets owned or leased by Seller and used or useful in the operation of Seller's broadcast studio, subject to the terms of the LMA and the studio sublease between Buyer and Seller;

(l) All assets owned or leased by Seller and used or held for use in the operation of Seller's or its affiliates' other radio stations or other businesses, including without limitation computers and other similar assets and any other operating systems and related assets that are used in the operation of multiple stations or other business units; and

(m) Seller's rights in and to the trademarks, trade names, service marks, internet domain names, copyrights, programs and programming material, jingles, slogans, logos, and other intangible property which are used or held for use in the operation of the Station, along with programming information and studies, advertising studies, marketing and demographic data, sales correspondence, lists of advertisers, and credit and sales reports.

2.3 Assumption of Liabilities.

(a) At the Closing, Buyer shall assume and agree to perform, without duplication of Seller's performance, the following liabilities and obligations of Seller (the "Assumed Obligations"):

(i) Current liabilities of Seller for which Buyer receives a credit pursuant to Section 2.7, but not in excess of the amount of such credit; and

(ii) Liabilities and obligations arising under the Station Agreements assumed by and transferred to Buyer in accordance with this Agreement, but only to the extent such liabilities and obligations relate to the Sale Assets and are attributable to the period of time from or after the Closing.

(b) Except for the Assumed Obligations, Buyer shall not assume or in any manner be liable for any debts, liens, charges, claims, encumbrances, duties, responsibilities, obligations or liabilities of Seller of any kind or nature, whether express or implied, known or unknown, contingent or absolute, including, without limitation, any liabilities to or in connection with Seller's employees whether arising in connection with the transaction contemplated hereunder or otherwise.

2.4 **Earnest Money.**

(a) Within three (3) business days of the date of execution of this Agreement, Buyer shall deposit with Escrow Agent the Earnest Money by wire transfer of immediately available funds. The Escrow Agent shall hold the Earnest Money under the terms of the Escrow Agreement in trust for the benefit of the parties hereto.

(b) If Closing does occur, the Earnest Money shall be applied to payment of the Purchase Price at Closing as provided in Section 2.5, and any interest accrued thereon shall be disbursed to Buyer. If this Agreement is terminated by Seller pursuant to Section 10.1(a) for a breach or default hereunder by Buyer, the Earnest Money shall be disbursed to Seller. If this Agreement is otherwise terminated pursuant to its terms, the Earnest Money shall be disbursed to Buyer. The parties shall each instruct the Escrow Agent to disburse the Earnest Money to the party entitled thereto and shall not, by any act or omission, delay or prevent any such disbursement unless contested by a party in good faith in writing within five (5) business days of a disbursement request, in which event the Earnest Money shall remain with the Escrow Agent until the parties' dispute is resolved. Any failure by Buyer to deposit the Earnest Money with Escrow Agent within three (3) business days of the date hereof constitutes a material default as to which the cure period under Section 10.1 does not apply, entitling Seller to immediately terminate this Agreement.

2.5 **Payments of Purchase Price.**

(a) At the Closing, the Purchase Price, less any amount of the Earnest Money paid to Seller, shall be paid to Seller by wire transfer of immediately available funds.

(b) The Purchase Price shall be adjusted by the Adjustment Amount in accordance with Section 2.7 and Article XI (if applicable).

2.6 **Allocation of the Purchase Price.** Buyer and Seller shall agree to an allocation of the Purchase Price as reasonably established by Buyer and Seller following receipt by Buyer of an independent appraisal of the Sale Assets, which appraisal shall be paid for by Buyer. Buyer and Seller shall use such allocation for all reporting purposes in connection with federal, state and local income and, to the extent permitted under applicable law, franchise taxes. Buyer and Seller agree to report such allocation to the Internal Revenue Service in the form required by Treasury Regulation § 1.1060-1T.

2.7 **Adjustment of Purchase Price.**

(a) Except as otherwise set forth in the LMA, all operating income and operating expenses of the Station that are included in the Station Assets shall be adjusted and allocated between Seller and Buyer, and an adjustment in the Purchase Price shall be made as provided in this Section, to the extent necessary to reflect the principle that all such income and expenses attributable to the operation of the Station on or before 11:59 p.m. on the day immediately preceding the Closing Date (the "Effective Time") shall be for the account of Seller, and all income and expenses attributable to the operation of the Station after the Effective Time shall be for the account of Buyer. Such prorrations shall include without limitation all ad valorem, **real estate and other property taxes (except transfer taxes as provided by Section 14.3(b))**, FCC regulatory fees, music and other license fees, utility expenses, rent and other amounts under Station Agreements and similar prepaid and deferred items. Seller shall receive a credit for all of the Station's deposits and prepaid expenses. There shall be no proration or adjustment for any imbalance in the value of rights and obligations under trade, barter or similar agreements for the sale of time for goods or services.

(b) To the extent not inconsistent with the express provisions of this Agreement, the allocations made pursuant to this Section 2.7 shall be made in accordance with generally accepted accounting principles.

(c) Prorrations and adjustments shall be made at Closing to the extent practicable. For purposes of making the final adjustments pursuant to this Section, Buyer shall prepare and deliver an initial Adjustment List to Seller within forty five (45) days following the Closing Date, or such later date as shall be mutually agreed to by Seller and Buyer. The Adjustment List(s) shall set forth the Adjustment Amount. If the Adjustment Amount is a credit to the account of Buyer, Seller shall pay such amount to Buyer within five (5) Business Days of receiving the Adjustment List(s) if both parties agree on the amount, and if the Adjustment Amount is a charge to the account of Buyer, Buyer shall pay such amount to Seller within five (5) Business Days of delivering the Adjustment List(s) to Seller if both parties agree on the amount. In the event Seller disagrees with the Adjustment Amount determined by Buyer or with any other matter arising out of this subsection, and Buyer and Seller cannot within sixty (60) days resolve the disagreement themselves, the parties will refer the disagreement to a firm of independent certified public accountants, mutually acceptable to Seller and Buyer, whose decision shall be final and binding on the parties. The fees and expenses of such accountants shall be paid by the party who does not prevail on the disputed matters decided by the accountants.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as follows:

3.1 **Organization and Good Standing.** Seller is a limited liability company, validly existing and in good standing under the laws of the State of Maryland. Seller is authorized to conduct business in the State of Maryland. Seller has all requisite power to own, operate and lease its properties and carry on its business as it is now being conducted and as the same will be conducted until the Closing.

3.2 **Authorization and Binding Effect of Documents.** Seller's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents, and the consummation by Seller of the transactions contemplated hereby and thereby, have been duly authorized and approved by all necessary action on the part of Seller, and no other proceedings on the part of Seller are necessary to authorize and approve this Agreement. Seller has the power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Documents and to consummate the transactions hereby and thereby contemplated. This Agreement and each of the other Documents have been, or at or prior to the Closing will be, duly executed by Seller. The Documents, when executed and delivered by the parties hereto, will constitute legal and valid obligations of Seller enforceable against it in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights or remedies generally, and except as may be limited by general principles of equity.

3.3 **Absence of Conflicts.** The execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents by Seller, and the consummation of the transactions contemplated hereby and thereby:

(a) do not in any material respect (with or without the giving of notice or the passage of time or both) violate, or result in the creation of any Lien other than a Permitted Lien on any of the Sale Assets under any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to Seller; and

(b) do not (with or without the giving of notice or the passage of time or both) conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under the certificate of formation or limited liability agreement of Seller or pursuant to any lease, agreement, commitment or other instrument which Seller is a party to, or bound by, or by which any of the Sale Assets may be bound.

3.4 **Governmental Consents and Consents of Third Parties.** Except for the FCC Order or as disclosed on Schedule 3.4, the execution and delivery of, and the performance of Seller's obligations under, this Agreement and each of the other Documents by Seller, and the consummation by Seller of the transactions contemplated hereby and thereby, do not require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration of filing with, any court or public agency or governmental body or other authority, or the consent of any Person under any agreement, arrangement or commitment of any nature to which Seller is a party or by which it is bound or by which the Sale Assets are bound or to which they are subject.

3.5 **Sale Assets.** Except for the Excluded Assets, the Sale Assets include all of the assets, properties and rights of every type and description, real, personal and mixed, tangible and intangible, that are used in the conduct of the business of owning and operating the Station in the manner in which that business is now conducted in all material respects, including, without limitation all of the assets described in Section 2.1.

3.6 **Tangible Personal Property.** Except for supplies and other incidental items which in the aggregate are not of material value, the list of Tangible Personal Property set forth on Schedule 3.6 is a complete and correct list as of the date hereof of all of the material items of Tangible Personal Property (other than Excluded Assets). In addition:

(a) Seller has good, marketable and valid title to all of the items of Tangible Personal Property free and clear of all Liens except Permitted Liens, including the right to transfer same.

(b) The material items of Tangible Personal Property are in good operating condition subject only to ordinary wear and tear.

(c) To Seller's knowledge, the Tangible Personal Property complies in all material respects with applicable rules and regulations of the FCC and the terms of the FCC Licenses except where the failure to comply would not be reasonably likely to constitute a Material Adverse Condition on the operation of the Station.

3.7 **Real Property.**

(a) Seller has not received any written notices of uncorrected violations of the applicable housing, building, safety or fire ordinances with respect to the Real Property.

(b) Except for the LMA and Tower Lease Agreement, Seller has not made any agreement (other than this Agreement) for the lease or sublease of, or given any Person (other than Buyer) an option to lease or a right of first refusal to lease, all or any part of Seller's leasehold interest in the Real Property, and Seller has not knowingly subjected the Real Property to any liens not of record (other than Permitted Liens).

(c) Seller has not received any written notice of condemnation or of eminent domain proceedings or negotiations for the purchase of any of the Real Property or Seller's interest in the Tower Lease Agreement in lieu of condemnation, and no condemnation or eminent domain proceedings or negotiations have been commenced or, to the best of Seller's knowledge, threatened in connection with the Real Property or the improvements located thereon or the Tower Lease Agreement that would have a material and adverse effect on the continued utilization of the Real Property for its current use.

3.8 **FCC Licenses.** Seller is the holder of the licenses, permits and authorizations listed on Schedule 3.8, and except as set forth on such Schedule 3.8:

(a) the FCC Licenses are in full force and effect, and constitute all of the FCC licenses, permits and authorizations required by the Act, the Rules and Regulations or the FCC for, or used in, the operation of the Station in all material respects as now operated;

(b) the licenses, permits and authorizations listed on Schedule 3.8 constitute all the current licenses, permits and authorizations issued by the FCC to Seller or pending before the FCC for or in connection with the Station;

(c) there is no condition imposed by the FCC as part of any FCC License which is neither set forth on the face thereof as issued by the FCC nor applicable generally to stations of the type, nature, class or location of the Station;

(d) the Station is being operated in accordance with the terms and conditions of the FCC Licences applicable to it and in accordance with the Rules and Regulations, except to the extent a failure to so comply would not constitute a Material Adverse Condition;

(e) no application, action or proceeding is pending, or, to each Seller's knowledge is threatened, which is reasonably likely to result in the revocation, material adverse modification, non-renewal or suspension of any of the FCC Licenses, the denial of any pending applications, the issuance of any cease and desist order or the imposition of any material fines, forfeitures or other material administrative actions by the FCC with respect to the Station or its operation, other than proceedings affecting the radio broadcasting industry in general;

(f) to Seller's knowledge, there is not before the FCC any material investigation, proceeding, notice of violation or order of forfeiture relating to the Station;

(g) Seller has complied in all material respects with all requirements to file material reports, applications and other documents with the FCC with respect to the Station, and all such reports, applications and documents are complete and correct in all material respects except to the extent a failure to so comply would not constitute a Material Adverse Condition;

(h) there are no matters related to Seller which could reasonably be expected to result in the FCC's refusal to grant approval of the assignment to Buyer of the FCC Licenses or the imposition of any Material Adverse Condition in connection with approval of such assignment;

(i) to Seller's knowledge, there are not any unsatisfied or otherwise outstanding citations issued by the FCC with respect to the Station or its operation;
and

(j) the "Public Inspection File" of the Station is in substantial and material compliance with Section 73.3526 of the Rules and Regulations.

3.9 **Station Agreements.**

(a) Schedule 3.9 sets forth a list of all Station Agreements. Complete and correct copies of all Station Agreements listed on Schedule 3.9 have been delivered to Buyer, and Buyer agrees to assume all of the Station Agreements at Closing.

(b) Except as set forth in the Schedules, and with respect to all Station Agreements listed on Schedule 3.9, (i) such agreements are legal, valid and enforceable against Seller in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity; (ii) neither Seller, nor to Seller's knowledge any other party thereto, is in material breach of or in material default under any such agreements; (iii) to Seller's knowledge, there has not occurred any event which, after the giving of notice or the lapse of time or both, would constitute a material default under, or result in the material breach of, any such agreements which are, individually or in the aggregate, material to the operation of the Station; and (iv) Seller holds the right to enforce and receive the benefits under such agreements, free and clear of all Liens (other than Permitted Liens) but subject to the terms and provision of each such agreement.

(c) Schedule 3.4 indicates whether consent or approval by any counterparty to any Station Agreement is required thereunder for consummation of the transactions contemplated hereby.

3.10 **Litigation.** There are no actions, suits, or arbitration, administrative or other proceedings pending or, to Seller's knowledge, threatened against Seller with respect to the Station which would, individually or in the aggregate if adversely determined, be a Material Adverse Condition on the Sale Assets or the operation of the Station, or which would give any third party the right to enjoin the transactions contemplated by this Agreement. There are no existing or pending orders, judgments or decrees of any court or governmental agency affecting the Station or any of the Sale Assets which would materially adversely affect the Station's operations or the Sale Assets, other than those of general applicability. Notwithstanding the disclosure of any matter herein, Buyer shall not assume any liability for any such matter related to the operation of the Station prior to Closing.

3.11 **Labor Matters.**

(a) Seller is not a party to any collective bargaining agreement, and there is no collective bargaining agreement that determines the terms and conditions of employment of any employees of Seller.

(b) With respect to the Station:

(i) There is no labor strike, dispute, slow-down or stoppage pending or, to the knowledge of Seller, threatened against the Station;

(ii) To the knowledge of Seller, there are neither pending nor threatened, any suits, actions, administrative proceedings, union organizing activities, arbitrations, grievances, complaints, charges, claims or other proceedings between Seller and any employees of the Station or any union representing such employees, and there are no existing labor or employment or other controversies or grievances involving employees of the Station which have had or are reasonably likely to constitute a Material Adverse Condition on the operation of the Station; and

(iii) Seller is in compliance in all material respects with all laws, rules and regulations relating to the employment of labor and all employment contractual obligations, including those relating to wages, hours, collective bargaining, affirmative action, discrimination, sexual harassment, wrongful discharge and the withholding and payment of taxes and contributions except for such non-compliance which individually or in the aggregate would not constitute a Material Adverse Condition on the business or financial condition of the Station.

3.12 **Compliance with Law.** The Sale Assets and the operation of the Station comply in all material respects with the applicable rules and regulations of the FCC and all other applicable federal, state, local or other laws, statutes, ordinances or regulations, and any applicable order, writ, injunction or decree of any court, commission, board, agency or other instrumentality, except to the extent a failure to so comply would not constitute a Material Adverse Condition.

3.13 **Environmental Matters: OSHA.**

(a) With respect to the Sale Assets, Seller is in compliance in all material respects with the provisions of Environmental Laws except where the failure to do so would not likely result in a Material Adverse Condition.

(b) Seller has not, and to Seller's knowledge no other Person has, caused or permitted materials to be generated, released, stored, treated, recycled, disposed of, on, under or at the Real Property, which materials, if known to be present, would require clean up, removal or other remedial or responsive action under Environmental Laws (other than normal office, cleaning and maintenance supplies in reasonable quantities used and /or stored appropriately in the buildings or improvements on the Real Property).

(c) Neither Seller, nor to Seller's knowledge, any other Person, is subject to any judgment, decree, order or citation with respect to the Sale Assets related to or arising out of Environmental Laws, and Seller has not received written notice that it has been named or listed as a potentially responsible party by any Person or governmental body or agency in any matter with respect to the Real Property under Environmental Laws.

(d) No portion of the Sale Assets has ever been used by Seller, nor to Seller's knowledge by any other Person, in violation of Environmental Laws in any material respect or as a landfill, dump site or any other use which involves the disposal or storage of Hazardous Materials on-site except in compliance in all material respects with applicable law or in any manner which would likely constitute a Material Adverse Condition on the Real Property or the Sale Assets.

(e) With respect to the Sale Assets, Seller has disposed of all waste in compliance in all material respects with all Environmental Laws.

(f) To Seller's knowledge, Seller is in material compliance with all OSHA Laws applicable to the Sale Assets.

(g) With respect to the Real Property or Sale Assets, Seller has not received written notice of any actions, causes of action, claims, investigations, demands or notices alleging liability under or non-compliance with Environmental Laws.

3.14 **Filing of Tax Returns.** Seller has filed all federal, state and local tax returns which are required to be filed by it with respect to the Sale Assets, and has paid all taxes and all assessments related to the Sale Assets to the extent that such taxes and assessments have become due, other than such returns, taxes and assessments, which the failure to file or pay would not, individually or in the aggregate, constitute a Material Adverse Condition.

3.15 **Broker's or Finder's Fees.** No agent, broker, investment banker or other Person or firm acting on behalf of or under the authority of Seller or any affiliate of Seller is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with the transactions contemplated by this Agreement.

3.16 **Insurance.** Seller maintains insurance policies with respect to the Station and the Sale Assets consistent with its practices for other stations, and will maintain such policies or arrangements until Closing.

3.17 **Representations Complete.** None of the representations or warranties made by Seller, nor any statement made in any document or certificate furnished by Seller pursuant to this Agreement contains or will contain at the Closing, any untrue statement of a material fact, or omits or will omit at the Closing, to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

4.1 **Organization and Good Standing.** Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Virginia. Buyer has all requisite corporate power to own, operate and lease its properties and carry on its business as it is now being conducted and as the same will be conducted following the Closing.

4.2 **Authorization and Binding Effect of Documents.** Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents, and the consummation by Buyer of the transactions contemplated hereby and thereby, have been duly authorized and approved by all necessary corporate action on the part of Buyer. Buyer has the power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Documents and to consummate the transactions hereby and thereby contemplated. This Agreement and each of the other Documents have been, or at or prior to the Closing will be, duly executed by Buyer. The Documents, when executed and delivered by the parties hereto, will constitute the valid and legally binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except as may be limited by bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights or remedies generally, and except as may be limited by general principles of equity.

4.3 **Absence of Conflicts.** Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents and the consummation by Buyer of the transaction contemplated hereby and thereby:

(a) do not in any material respect (with or without the giving of notice or the passage of time or both) violate or result in the creation of any claim, lien, charge or encumbrance on any of the assets or properties of Buyer under any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to Buyer; and

(b) do not (with or without the giving of notice or the passage of time or both) conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under, the articles of incorporation or bylaws of Buyer or any lease, agreement, commitment, or other instrument which Buyer is a party to, bound by, or by which any of its assets or properties may be bound.

4.4 **Governmental Consents and Consents of Third Parties.** Except for the FCC Order, Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents and the consummation by Buyer of the transactions contemplated hereby and thereby, do not require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration or filing with, any court or public agency or other authority, or the consent of any Person under any agreement, arrangement or commitment of any nature to which Buyer is a party or by which it is bound.

4.5 **Qualification.**

(a) Buyer is legally qualified to hold the Sale Assets and to be the licensee of the Station under the Act and the Rules and Regulations. Buyer has no knowledge after due inquiry of any facts concerning Buyer or any other Person with an attributable interest in Buyer (as such term is defined under the Rules and Regulations) which, under present law (including the Act) and the Rules and Regulations, would (i) disqualify Buyer from being the holder of the FCC Licenses, the owner of the Sale Assets or the operator of the Station upon consummation of the transactions contemplated by this Agreement, or (ii) raise a substantial and material question of fact (within the meaning of Section 309(e) of the Act) respecting Buyer's qualifications. No waiver of or exemption from any FCC rule or policy is necessary to be obtained by Buyer in order for the FCC Order to be granted.

(b) Without limiting the foregoing Section 4.5(a), Buyer shall make the affirmative certifications provided in Section III of FCC Form 314, or as may be required on any form required by the FCC to obtain its consent to this transaction, at the time of filing of such form with the FCC as contemplated by Section 5.2.

(c) Buyer is financially able to consummate the transaction contemplated by this Agreement on the terms provided herein and has sufficient funds to pay the Purchase Price at Closing.

4.6 **Broker's or Finder's Fees.** No agent, broker, investment banker, or other Person or firm acting on behalf of or under the authority of Buyer or any affiliate of Buyer is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with transactions contemplated by this Agreement.

4 . 7 **Litigation.** There are no legal, administrative, arbitration or other proceedings or governmental investigations pending or, to the knowledge of Buyer, threatened against Buyer that would give any third party the right to enjoin the transactions contemplated by this Agreement.

4 . 8 **Representations Complete.** None of the representations or warranties made by Buyer, nor any statement made in any document or certificate furnished by Buyer pursuant to this Agreement contains or will contain at the Closing, any untrue statement of a material fact, or omits or will omit at the Closing, to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE V

TRANSACTIONS PRIOR TO THE CLOSING DATE

5 . 1 **Conduct of the Station's Business Prior to the Closing Date.** Seller covenants and agrees with Buyer that between the date hereof and the Closing Date, unless the Buyer otherwise agrees in writing (which agreement shall not be unreasonably withheld or delayed), and except as otherwise set forth in the LMA, Seller shall:

- (a) Use reasonable commercial efforts to maintain insurance upon all of the Sale Assets consistent with its practices for other stations;
- (b) Operate the Station and otherwise conduct its business in all material respects in accordance with the terms or conditions of its FCC Licenses, the Rules and Regulations, the Act and all other rules and regulations, statutes, ordinances and orders of all governmental authorities having jurisdiction over any aspect of the operation of the Station, except where the failure to so operate would not constitute a Material Adverse Condition on the Sale Assets or the operation of the Station or on the ability of Seller to consummate the transactions contemplated hereby;
- (c) Comply in all material respects with all Station Agreements Buyer is assuming now or hereafter existing;
- (d) Promptly notify Buyer of any default by, or claim of default against, any party under any Station Agreements Buyer is assuming and any event or condition which, with notice or lapse of time or both, would constitute an event of default under such Station Agreements;
- (e) Not mortgage, pledge or subject any of the Sale Assets to any Lien other than a Permitted Lien;
- (f) Not sell, lease or otherwise dispose of, nor agree to sell, lease or otherwise dispose of, any of the Sale Assets unless replaced with similar items of substantially equal or greater value and utility;
- (g) Not amend or terminate any Station Agreement; and
- (h) Notify Buyer of any complaints, investigations or any material litigation pending or threatened against the Station or any material damage to or destruction of any assets included or to be included in the Sale Assets.

5 . 2 **Governmental Consents.** Seller and Buyer shall file with the FCC, within five (5) Business Days after the execution of this Agreement, an application requesting FCC consent to assign the FCC Licenses to Buyer. Seller and Buyer shall take all commercially reasonable steps necessary to prosecute such filing with diligence and shall diligently oppose any objections to, appeals from or petitions to reconsider such approval of the FCC, to the end that the FCC Order and a Final Action with respect thereto may be obtained as soon as practicable; provided, however, that in the event the application for assignment of the FCC Licenses has been designated for hearing, either Buyer or Seller may elect to terminate this Agreement pursuant to Section 10.1(c). Each party shall promptly provide the other with a copy of any pleading, order or other document served on it relating to the FCC assignment application, and shall furnish all information required by the FCC. Buyer shall not knowingly take, and Seller covenants that Seller shall not knowingly take, any action that such party knows or has reason to know would materially and adversely affect or materially delay issuance of the FCC Order or materially and adversely affect or materially delay its becoming a Final Action without a Material Adverse Condition, unless such action is requested or required by the FCC, its staff or the Rules and Regulations. Should Buyer or Seller become aware of any facts which could reasonably be expected to materially and adversely affect or materially delay issuance of the FCC Order without a Material Adverse Condition (including but not limited to, in the case of Buyer, any facts which would reasonably be expected to disqualify Buyer from controlling the Station), such party shall promptly notify the other party thereof in writing and both parties shall cooperate to take all steps reasonably necessary or desirable to resolve the matter expeditiously and to obtain the FCC's approval of the assignment application.

5.3 **Other Consents.** Seller shall use its commercially reasonable best efforts to obtain the consent or waivers to the transactions contemplated by this Agreement required under any Station Agreements; provided that Seller shall not be required to pay or grant any material consideration in order to obtain any such consent or waiver.

5.4 **Tax Returns and Payments.** All taxes pertaining to ownership of the Sale Assets or operation of the Station prior to the Closing Date will be timely paid; provided that Seller shall not be required to pay any such tax so long as the validity thereof shall be contested in good faith by appropriate proceedings.

5.5 **Access Prior to the Closing Date.** Prior to the Closing, Buyer and its representatives may make such reasonable investigation of the Sale Assets as it may desire; and Seller shall give to Buyer, its engineers, counsel, accountants and other representatives reasonable access during normal business hours throughout the period prior to the Closing to the Sale Assets, provided that (i) Buyer shall give Seller reasonable advance notice of each date on which Buyer or any such other Person desires such access, (ii) each Person (other than an officer of Buyer) shall, if requested by Seller, be accompanied by an officer or representative of Buyer approved by Seller, which approval shall not be unreasonably withheld, (iii) the investigations shall be reasonable in number and frequency and, (iv) all investigations shall be conducted in such a manner as not to physically damage any property or constitute a disruption of the operation of the Station or Seller or Seller's affiliates. Seller shall furnish to Buyer during such period all documents and copies of documents and information concerning the Sale Assets as Buyer may reasonably request. No investigation or information furnished pursuant to this Section 5.5 shall affect any representations or warranties made by the Seller herein.

5.6 **Confidentiality; Press Release.** All non-public information, data and materials furnished to either party with respect to the other party in connection with this transaction or pursuant to this Agreement is confidential. Each party agrees that, subject to the requirements of applicable law, (a) it shall not disclose or otherwise make available, at any time, any such information, data or material to any Person who does not have a confidential relationship with such party; (b) it shall protect such information, data and material with a high degree of care to prevent the disclosure thereof; and (c) if, for any reason, this transaction is not consummated, all information, data or material concerning the other party obtained by such party, and all copies thereof, will be returned to the other party. Each party shall prevent the violation of any of the foregoing confidentiality provisions by its respective representatives. Notwithstanding the foregoing, nothing contained herein shall prohibit Buyer or Seller from:

(i) using such information, data and materials in connection with any action or proceeding brought or any claim asserted by Buyer or Seller in respect of any breach by the other of any representation, warranty or covenant made in or pursuant to this Agreement, with such use or disclosure limited to the extent necessary with respect to such claim; or

(ii) supplying or filing such information, data or materials to or with the FCC or SEC or any other valid governmental or court authority to the extent required by law or reasonably necessary to obtain any consent, waiver, amendment, modification, approval, authorization, permit or license which may be necessary to effectuate this Agreement, and to consummate the transaction contemplated herein.

Prior to Closing, no party shall, without the prior written consent of the other, issue any press release or make any other public announcement concerning the transactions contemplated by this Agreement, except to the extent that such party is so obligated by law, in which case such party shall give advance notice to the other, and except as necessary to enforce rights under or in connection with this Agreement. In the event that either party determines in good faith that a press release or other public announcement is desirable under any circumstances, the parties shall consult with each other to determine the appropriate timing, form and content of such release or announcement. Notwithstanding the foregoing, the parties acknowledge that this Agreement and the terms hereof will be filed with the FCC assignment application and thereby become public.

5.7 **Reasonable Efforts.** Subject to the terms and conditions of this Agreement, each of the parties hereto will use its commercially reasonable efforts to take all action and to do all things necessary, proper or advisable to satisfy any condition to the parties' obligations hereunder in its power to satisfy and to consummate and make effective as soon as practicable the transactions contemplated by this Agreement.

5.8 **FCC Reports.** Seller shall continue to file, on a current basis until the Closing Date, all reports and documents required to be filed with the FCC with respect to the Station. Seller shall use commercially reasonable efforts to provide Buyer with copies of all such filings within five (5) Business Days of the filing with the FCC.

5.9 **Conveyance Free and Clear of Liens.** At or prior to the Closing, Seller shall obtain executed releases, in suitable form for filing, of any security interests granted in the Sale Assets and of any other Liens on the Sale Assets except Permitted Liens. At the Closing, Seller shall transfer and convey to Buyer all of the Sale Assets free and clear of all Liens except Permitted Liens.

5.10 **Broadcast Interruption.** If prior to Closing the Station is off the air or operating at a power level that results in a material reduction in coverage (a "Broadcast Interruption"), then Seller shall use commercially reasonable efforts to return the Station to the air and restore prior coverage as promptly as possible in the ordinary course of business. Notwithstanding anything herein to the contrary, if prior to Closing there is a Broadcast Interruption in excess of 24 hours which is not the result of any action of Buyer in connection with its operation of the Station pursuant to the LMA, then Buyer may postpone Closing until the date five (5) business days after the Station returns to the air and prior coverage is restored in all material respects, subject to Section 10.1(b).

5.11 **Accounts Receivable.** Except as otherwise provided in the LMA, Buyer shall not collect any A/R, and Buyer shall promptly pay over to Seller any A/R it receives, without offset.

ARTICLE VI

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BUYER TO CLOSE

Buyer's obligation to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, unless waived by Buyer in writing:

6.1 **Accuracy of Representations and Warranties; Closing Certificate.**

(a) The representations and warranties of Seller contained in this Agreement or in any other Document shall be complete and correct on the date hereof and shall be complete and correct in all material respects at the Closing Date with the same effect as though made at such time, except for changes permitted or contemplated by the terms of this Agreement.

(b) Seller shall have delivered to Buyer on the Closing Date a certificate that the conditions specified in Section 6.1(a) and Section 6.2 are satisfied as of the Closing Date.

6.2 **Performance of Agreements.** Seller shall have performed in all material respects all of their covenants, agreements and obligations required by this Agreement and each of the other Documents to be performed or complied with by them prior to or upon the Closing Date.

6.3 **FCC Consent.** The FCC Order shall have been issued by the FCC, and have become a Final Order.

6.4 **Adverse Proceedings.** Neither Buyer nor Seller shall be subject to any ruling, decree, order or injunction prohibiting the consummation of the transactions contemplated hereby. No governmental authority having jurisdiction shall have notified any party to this Agreement that consummation of the transaction contemplated hereby would constitute a violation of the laws of the United States or of any state or political subdivision.

6.5 **Delivery of Closing Documents.** Seller shall have delivered or caused to be delivered to Buyer on the Closing Date each of the Documents required to be delivered pursuant to Section 8.2.

ARTICLE VII

CONDITIONS PRECEDENT OF THE OBLIGATION OF SELLER TO CLOSE

The obligation of Seller to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, unless waived by Seller in writing:

7.1 **Accuracy of Representations and Warranties; Closing Certificate.**

(a) The representations and warranties of Buyer contained in this Agreement or in any other Document shall be complete and correct on the date hereof and shall be complete and correct in all material respects at the Closing Date with the same effect as though made at such time, except for changes permitted or contemplated by the terms of this Agreement.

(b) Buyer shall have delivered to Seller on the Closing Date a certificate that the conditions specified in Section 7.1(a) and Section 7.2 are satisfied as of the Closing Date.

7.2 **Performance of Agreements.** Buyer shall have performed in all material respects all of its covenants, agreements and obligations required by this Agreement and each of the other Documents to be performed or complied with by it prior to or upon the Closing Date.

7.3 **FCC Consent.** The FCC Order shall have been issued by the FCC.

7.4 **Adverse Proceedings.** Neither Buyer nor Seller shall be subject to any ruling, decree, order or injunction prohibiting the consummation of the transactions contemplated hereby. No governmental authority having jurisdiction shall have notified any party to this Agreement that consummation of the transaction contemplated hereby would constitute a violation of the laws of the United States or of any state or political subdivision.

7.5 **Delivery of Closing Documents and Purchase Price.** Buyer shall have delivered or caused to be delivered to Seller on the Closing Date each of the Documents required to be delivered pursuant to Section 8.3, and Seller shall have received payment of the Purchase Price with the form of payment set forth in Section 2.5.

ARTICLE VIII

CLOSING

8.1 **Time and Place.** Unless otherwise agreed to in advance by the parties, Closing shall take place via email on or before the tenth Business Day after the date the FCC Order has become a Final Order, subject to the satisfaction or waiver of the conditions precedent hereunder. In connection therewith the parties will deliver, in escrow, to opposing counsel and other appropriate parties, all agreements, instructions, documents, releases, certificates, wire transfer instructions, pay-off instructions, UCC-3's and other matters and things necessary to effect Closing in such manner.

8.2 **Documents to be Delivered to Buyer by Seller.** At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

- (a) Certified resolutions of Seller approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transactions contemplated hereby and thereby.
 - (b) The certificate required by Section 6.1(b).
 - (c) A bill of sale and other instruments of transfer and conveyance transferring to Buyer the Tangible Personal Property.
 - (d) Executed releases, in suitable form for filing, of any security interests granted in the Sale Assets as security for payment of loans and other obligations and of any other Liens (other than Permitted Liens).
 - (e) An instrument assigning to Buyer all right, title and interest of Seller in the FCC Licenses, and all other assignable or transferable governmental permits, licenses and authorizations (and any renewals, extensions, amendments or modifications thereof) included in the Sale Assets (if any).
 - (f) An instrument assigning to Buyer any remaining Sale Assets not otherwise conveyed.
 - (g) An instrument assigning to Buyer all of Seller's rights arising after Closing under the Station Agreements.
 - (h) A Certificate of Good Standing for Seller issued by the State of Maryland.
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(i) Such additional information and materials as Buyer shall have reasonably requested to convey, transfer and assign the Sale Assets from Seller to Buyer, free and clear of Liens, except for Permitted Liens.

8.3 **Documents to be Delivered to Seller by Buyer.** At the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

- (a) Certified resolutions of Buyer's Board of Directors approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transaction contemplated hereby and thereby.
- (b) The Purchase Price as set forth in Section 2.5 along with all necessary documents to cause the Escrow Agent to release the Earnest Money to Seller.
- (c) The agreement of Buyer assuming the obligations arising after Closing under the Station Agreements.
- (d) The certificate required under Section 7.1(b).
- (e) A Certificate of Good Standing for Buyer issued by its state of incorporation.
- (f) Such additional information and materials as Seller shall have reasonably requested.

8 . 4 **FCC Compliance.** If after Closing the FCC Order is reversed or otherwise set aside, and there is a Final Action of the FCC (or court of competent jurisdiction) requiring the re-assignment of the FCC Licenses to Seller, then the purchase and sale of the Sale Assets shall be rescinded. In such event, Buyer shall reconvey to Seller the Sale Assets free and clear of Liens other than Permitted Liens, and Seller shall repay to Buyer the Purchase Price and reassume the Station Agreements. Any such rescission shall be consummated on a mutually agreeable date within thirty days of such Final Action (or, if earlier, within the time required by such order). In connection therewith, Buyer and Seller shall each execute such documents (including execution by Buyer of instruments of conveyance of the Sale Assets to Seller and execution by Seller of instruments of assumption of the Station Agreements) and make such payments (including repayment by Seller to Buyer of the Purchase Price) as are necessary to give effect to such rescission.

ARTICLE IX

**SURVIVAL OF REPRESENTATIONS AND WARRANTIES;
INDEMNIFICATION**

9.1 **Survival of Representation and Warranties.** All representations and warranties, contained in this Agreement or in any other Document shall survive the Closing for the Survival Period (defined below). The covenants and agreements in this Agreement shall survive Closing until performed. No claim for a breach of a representation or warranty may be brought under this Agreement or any other Document unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the Survival Period. In the event such a notice is so given, the right to indemnification with respect thereto under this Article shall survive the Survival Period until such claim is finally resolved and any obligations with respect thereto are fully satisfied. For purposes of this Agreement the "Survival Period" shall be one year after the Closing Date, except that (a) any representation or warranty of Buyer or Seller as to (i) such party's qualification and authority to consummate the transactions contemplated hereby or (ii) title of the parties to the Station or Sale Assets, the Survival Period shall be indefinite, and (b) any representation and warranty relating to any tax obligation of Seller, the Survival Period shall be the applicable statute of limitations.

9.2 **Indemnification in General.** Buyer and Seller agree that the rights to indemnification and to be held harmless set forth in this Agreement shall, as between the parties hereto and their respective successors and assigns, be exclusive of all rights to indemnification and to be held harmless that such party (or its successors or assigns) would otherwise have by statute, common law or otherwise. Except with respect to claims based on actual fraud or intentional misrepresentation or as to any default or nonperformance of a covenant in this Agreement that provides for performance following the Closing Date for which the remedies of specific performance, injunctive relief, non-monetary declaratory judgment or any other non-monetary equitable remedies may be available under applicable law, each party's rights under this Article IX shall be the sole and exclusive remedies with respect to claims resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement contained in this Agreement or otherwise relating to the transactions that are the subject of this Agreement. Without limiting the generality of the foregoing, in no event shall either party or any Person claiming through, by or on behalf of either party, be entitled to claim or seek rescission of the transactions consummated under this Agreement, except in accordance with Section 8.4.

9.3 **Indemnification by Seller.**

(a) Subject to the provisions of Section 9.3(b) below and Section 10.2 below, Seller shall indemnify and hold harmless Buyer and any officer, director, agent, employee and affiliate thereof with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including reasonable attorneys' fees), relating to or arising out of:

- (i) Any breach by Seller of any of its representations or warranties set forth in this Agreement or any other Documents;
- (ii) Any non-performance by Seller of any of its covenants, obligations, or agreements set forth in this Agreement or any other Documents;
- (iii) The ownership or operation by Seller of the Station and the Sale Assets prior to the Closing Date, other than the Assumed Obligations;
- (iv) All other liabilities and obligations of Seller other than the Assumed Obligations; or
- (iv) Noncompliance by Seller with the provisions of the Bulk Sales Act, if applicable, in connection with the transactions contemplated hereby.

(b) If Closing occurs, Seller shall not be obligated to indemnify Buyer under Section 9.3(a)(i): (i) for any amount which exceeds an amount equal to the Purchase Price for any claims asserted by Buyer and (ii) until the amount of such claims, liabilities, damages, losses, costs and expenses exceeds Buyer's Threshold Limitation, in which case Buyer shall then be entitled to indemnification of the entire amount.

9.4 Indemnification by Buyer.

(a) Subject to the provisions of Section 9.4(b) below and Section 10.2 below, Buyer shall indemnify and hold harmless Seller and any officer, director, agent, employee and affiliate thereof with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including reasonable attorneys' fees) relating to or arising out of:

- (i) Any breach by Buyer of any of its representations or warranties set forth in this Agreement or any other Documents;
 - (ii) Any non-performance by Buyer of any of its covenants, obligations, or agreements set forth in this Agreement or any other Documents;
 - (iii) The ownership or operation of the Station or Sale Assets from and after the Closing Date; or
 - (iv) All other liabilities or obligations of Buyer pursuant to the terms of this Agreement, including, without limitation, the Assumed Obligations.
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(b) If Closing occurs, Buyer shall not be obligated to indemnify Seller under Section 9.4(a)(i) until the amount of such claims, liabilities, damages, losses, costs and expenses exceeds Seller's Threshold Limitation, in which case Seller shall then be entitled to indemnification of the entire amount.

9.5 **Indemnification Procedures.**

(a) The Indemnified Party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties that is subject to indemnification hereunder (a "Claim"), but a failure to give such notice or delaying such notice shall not affect the Indemnified Party's rights or the Indemnifying Party's obligations except to the extent the Indemnifying Party's ability to remedy, contest, defend or settle with respect to such Claim is thereby prejudiced and provided that such notice is given within applicable Survival Period.

(b) The Indemnifying Party shall be entitled to assume the defense or opposition to such Claim with counsel selected by it. In the event that the Indemnifying Party does not assume such defense or opposition in a timely manner, the Indemnified Party may undertake the defense, opposition, compromise or settlement of such Claim with counsel selected by it at the Indemnifying Party's cost (subject to the right of the Indemnifying Party to assume defense of or opposition to such Claim at any time prior to settlement, compromise or final determination thereof).

(c) Anything herein to the contrary notwithstanding: (i) the Indemnified Party shall be entitled at all times to participate in the defense of a Claim at its own expense; (ii) the Indemnifying Party shall not, without the Indemnified Party's written consent, settle or compromise any Claim or consent to entry of any judgment which does not include the giving by the claimant to the Indemnified Party of a release from all liability in respect of such Claim; (iii) in the event that the Indemnifying Party undertakes defense of or opposition to any Claim, the Indemnified Party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the Indemnifying Party and its counsel concerning such Claim and the Indemnifying Party and the Indemnified Party and their respective counsel shall cooperate in good faith with respect to such Claim; and (iv) neither party shall have any liability to the other under any circumstances for special, indirect, consequential, punitive or exemplary damages or lost profits or similar damages of any kind, whether or not foreseeable.

ARTICLE X

TERMINATION; LIQUIDATED DAMAGES

10.1 **Termination.** If Closing shall not have previously occurred, this Agreement shall terminate upon the earliest of:

(a) The giving of written notice from Seller to Buyer, or from Buyer to Seller, if:

(i) Either:

(A) Any of the representations or warranties contained herein of Buyer (if such termination notice is given by Seller), or of Seller (if such termination notice is given by Buyer), are inaccurate in any respect and materially adverse to the party giving such termination notice and such party has failed to remedy such inaccuracy within thirty (30) days after delivery of the termination notice, unless the inaccuracy has been induced by or is the result of actions or omissions of the party giving such termination notice; or

(B) Any material obligation to be performed by Buyer (if such termination notice is given by Seller) or by Seller (if such termination notice is given by Buyer) is not timely performed in any material respect and such party has failed to remedy such inaccuracy within thirty (30) after days delivery of the termination notice, unless the lack of timely performance has been induced by or is the result of actions or omissions of the party giving such termination notice; or

(C) Any condition (other than those referred to in Section 10.1(a)(i)(A) or Section 10.1(a)(i)(B)) to the obligation to close the transaction contemplated herein of the party giving such termination notice has not been timely satisfied, and

(ii) any such inaccuracy, failure to perform or non-satisfaction of a material condition that neither has been cured nor satisfied within thirty (30) days after written notice thereof from the party giving such termination notice nor waived in writing by the party giving such termination notice; provided however that such opportunity to cure shall not apply to the failure of a party to perform its obligations set forth in Article VIII herein. Notwithstanding anything herein to the contrary, no cure period shall apply to Buyer's obligations to deposit the Earnest Money within two (2) business days of the date hereof or to pay the Purchase Price at Closing.

(b) Written notice from Seller to Buyer, or from Buyer to Seller, at any time if Closing has not occurred on or before October 1, 2018.

(c) Written notice from Seller to Buyer, or from Buyer to Seller, at any time following a determination by the FCC that the application for consent to assignment of the FCC Licenses has been designated for hearing; provided that the party which is the subject of the hearing (or whose alleged actions or omissions resulted in the designation for hearing) may not elect to terminate under this Section 10.1(c).

(d) The written notice by a party to the other party under Section 5.10 or Article XI.

(e) The written election by Seller if Seller terminates the LMA in accordance with Section 7.1 of the LMA, or the written election by Buyer if Buyer terminates the LMA in accordance with Section 7.1 or Section 7.2 of the LMA.

10.2 Obligations Upon Termination

(a) In the event this Agreement is terminated pursuant to Section 10.1(a)(i)(A) or Section 10.1(a)(i)(B), the aggregate liability of Buyer for breach hereunder shall be limited as provided in Section 10.2(c) below, and the aggregate liability of Seller for breach hereunder shall be limited as provided in Section 10.2(d) below. In the event this Agreement is terminated for any other reason, neither party shall have any liability hereunder, except that the termination of this Agreement shall not relieve any party of any liability for breach or default under this Agreement prior to the date of termination (except as set forth in Section 10.2(c)). Notwithstanding anything contained herein to the contrary, Sections 2.4(b) and Section 10.2(b) and (c) with respect to the Earnest Money, Section 5.6 (Confidentiality; Press Release) and Section 14.3 (Payment of Expenses) shall survive any termination of this Agreement

(b) Upon termination of this Agreement, Buyer shall be entitled to the return of the Earnest Money from the Escrow Agent under the Escrow Agreement if such termination is validly given pursuant to Section 10.1 in all cases except if given by Seller due to the breach or default by Buyer of this Agreement pursuant to Section 10.1(a). If Buyer is entitled to the return of the Earnest Money, Seller shall cooperate with Buyer in taking such action as is required under the Escrow Agreement in order to effect such return from the Escrow Agent.

(c) If this Agreement is terminated by Seller's giving of valid written notice to Buyer pursuant to Section 10.1(a), Buyer agrees that Seller shall be entitled to receive upon such termination, as liquidated damages and not as a penalty, the Earnest Money ("Liquidated Damages Amount"). THE DELIVERY OF THE LIQUIDATED DAMAGES AMOUNT TO SELLER SHALL BE CONSIDERED LIQUIDATED DAMAGES AND NOT A PENALTY, AND SHALL BE THE RECIPIENT'S SOLE REMEDY AT LAW OR IN EQUITY FOR A BREACH BY BUYER HEREUNDER IF CLOSING DOES NOT OCCUR. BUYER AND SELLER EACH ACKNOWLEDGE AND AGREE THAT THIS LIQUIDATED DAMAGE AMOUNT IS REASONABLE IN LIGHT OF THE ANTICIPATED HARM WHICH WILL BE CAUSED BY A BREACH OF THIS AGREEMENT, THE DIFFICULTY OF PROOF OF LOSS, THE INCONVENIENCE AND NON-FEASIBILITY OF OTHERWISE OBTAINING AN ADEQUATE REMEDY, AND THE VALUE OF THE TRANSACTION TO BE CONSUMMATED HEREUNDER. If Seller is entitled to the Liquidated Damages, Buyer shall cooperate with Seller in taking such action as is required under the Escrow Agreement in order to effect payment from the escrowed funds.

(d) Notwithstanding any provision of this Agreement to the contrary, if this Agreement is terminated by Buyer's giving of written notice to Seller pursuant to Section 10.1(a)(i)(A) or Section 10.1(a)(i)(B), Buyer shall be entitled to make any appropriate claim for damages against Seller.

10.3 **Termination Notice.** Each notice given by a party pursuant to Section 10.1 to terminate this Agreement shall specify the Section (and clause or clauses thereof) of Section 10.1 pursuant to which such notice is given.

10.4 **Specific Performance.** Seller acknowledges that the Station and the Sale Assets are of a special, unique, and extraordinary character, and that any breach of this Agreement by Seller could not be compensated for by damages. Accordingly, if Seller shall breach its obligations under this Agreement, Buyer shall be entitled, in addition to any of the remedies that it may have, to enforcement of this Agreement (subject to obtaining any required approval of the FCC) by decree of specific performance or injunctive relief requiring Seller to fulfill its obligations under this Agreement. In any action by Buyer to equitably enforce the provisions of this Agreement, Seller shall waive the defense that there is an adequate remedy at law or equity and agree that Buyer shall have the right to obtain specific performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security. Notwithstanding the foregoing, if Buyer fails to comply with its obligations related to the Earnest Money or Section 5.6 or Article XII, Seller shall be entitled to all available rights and remedies, including without limitation specific performance.

ARTICLE XI

CASUALTY

Upon the occurrence of any casualty loss, damage or destruction material to the operation of the Sale Assets prior to the Closing, Seller shall promptly give Buyer written notice setting forth in reasonable detail the extent of such loss, damage or destruction and the cause thereof if known. Seller shall use its commercially reasonable efforts to promptly commence and thereafter to diligently proceed to repair or replace any such lost, damaged or destroyed property. In the event that such repair or replacement is not fully completed prior to the Closing Date, then the parties shall proceed to Closing (with Seller's representations and warranties deemed modified to take into account any such condition) and the Purchase Price shall be reduced by the reasonably estimated cost to complete repairs (as Buyer's sole remedy), except that if such damage or destruction materially disrupts Station operations, then Buyer may postpone Closing until the date five (5) business days after operations are restored in all material respects, subject to Section 10.1(b).

ARTICLE XII

CONTROL OF STATION

Subject to the LMA, between the date of this Agreement and the Closing Date, Buyer shall not control, manage or supervise the operation of the Station or the conduct of its business, all of which shall remain the sole responsibility of and under the control of Seller.

ARTICLE XIII

1031 EXCHANGE

Seller agrees to cooperate with Buyer as reasonably requested by Buyer to assist Buyer in consummating a tax deferred exchange under Section 1031 of the *Internal Revenue Code* of 1986, and the comparable provisions of applicable state law, provided Seller (i) shall incur no additional liabilities, expenses or costs as a result of or connected with such exchange and (ii) shall not be obligated to delay Closing if all of the conditions contained in Articles VI and VII of this Agreement have been satisfied or waived by the applicable party.

ARTICLE XIV

MISCELLANEOUS

14.1 **Further Actions.** From time to time before, at and after the Closing, each party, at its expense and without further consideration, will execute and deliver such documents to the other party as the other party may reasonably request in order more effectively to consummate the transactions contemplated hereby.

14.2 **Access After the Closing Date.** After the Closing and for a period of twelve (12) months, Buyer shall provide Seller, Seller's counsel, accountants and other representatives with reasonable access during normal business hours to the books, records, property, personnel, contracts, commitments and documents of the Station pertaining to transactions occurring prior to the Closing Date, that are the responsibility and obligation of the Seller, when requested by Seller, and Buyer shall retain such books and records for the normal document retention period of Buyer. At the request and expense of Seller, Buyer shall deliver copies of any such books and records to Seller.

14.3 **Payment of Expenses.**

- (a) Any fees assessed by the FCC in connection with the filing contemplated by Section 5.2 shall be shared equally between Seller and Buyer.
-

(b) All state or local sales or use, stamp or transfer, grant and other similar taxes payable in connection with consummation of the transactions contemplated hereby or otherwise applicable to the transfer of the Sale Assets shall be paid for by Buyer.

(c) Except as otherwise expressly provided in this Agreement and the LMA, Buyer shall pay (or reimburse Seller for) the expenses of Buyer and Seller, including the fees of any attorneys and accountants engaged by such party, in connection with this Agreement and the consummation of the transactions contemplated herein.

14.4 **Notices.** All notices, demands or other communications given hereunder shall be in writing and shall be sufficiently given if delivered by courier or nationally recognized overnight courier service, or sent by registered or certified mail, first class, postage prepaid, addressed as follows:

(a) If to Seller, to:

AM 570, LLC
855 Aviation Drive, Ste 200
Camarillo, CA 93010
Attention: Brian J. Counsil, CFO and General Counsel

(b) If to Buyer, to:

Salem Media of Virginia, Inc.
4880 Santa Rosa Road
Camarillo, California 93012
Attention: Christopher J. Henderson, Sr. Vice President

or such other address with respect to any party hereto as such party may from time to time notify (as provided above) to the other party hereto. Any such notice, demand or communication shall be deemed to have been given (i) if so mailed, as of the close of the third (3rd) business day following the date mailed, and (ii) if personally delivered or sent by confirmed delivery by a nationally recognized overnight courier service, on the date received.

14.5 **Entire Agreement.** This Agreement, the Schedules hereto, and the other Documents constitute the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede any prior negotiations, agreements, understandings or arrangements between the parties with respect to the subject matter hereof. No party makes any representation or warranty with respect to the transactions contemplated by this Agreement except as expressly set forth in this Agreement. Without limiting the generality of the foregoing, Seller makes no representation or warranty to Buyer with respect to any projections, budgets or other estimates of the Station's revenues, expenses or results of operations, or any other financial or other information made available to Buyer with respect to the Station.

14.6 **Binding Effect; Benefits.** Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors or assigns. Except to the extent specified herein, nothing in this Agreement, express or implied, shall confer on any Person other than the parties hereto and their respective successors or assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

14.7 **Assignment.** This Agreement and any rights hereunder shall not be assignable by either party hereto without the prior written consent of the other party. Notwithstanding the foregoing, Buyer may in its sole and absolute discretion, upon prior written notice to Seller, assign all of its right, title, interest and obligation under this Agreement to any entity controlled by, or under common control with Buyer, including any subsidiary of Salem Media Group, Inc., provided that (i) any such assignment does not delay processing of the FCC assignment application contemplated by Section 5.2, grant of the FCC Order or Closing, (ii) any such assignee delivers to Seller a written assumption of this Agreement, (iii) Buyer shall remain liable for all of its obligations hereunder and (iv) Buyer shall be solely responsible for any third party consents necessary in connection therewith (none of which are a condition to Closing). In addition, to facilitate a like-kind exchange in accordance with Article XIII, Buyer may assign its rights under this Agreement (in whole or in part) to a "qualified intermediary" under section 1.1031(k)-1(g)(4) of the treasury regulations (but such assignment shall not relieve Buyer of its obligations under this Agreement). No assignment shall relieve any party of any obligation or liability under this Agreement.

14.8 **Governing Law.** This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Maryland, including all matters of construction, validity and performance.

14.9 **Bulk Sales.** Buyer hereby waives compliance by Seller with the provisions of the Bulk Sales Act and similar laws of any state or jurisdiction, if applicable. Seller shall, in accordance with Article IX, indemnify and hold Buyer harmless from and against any and all claims made against Buyer by reason of such non-compliance.

14.10 **Amendments and Waivers.** No term or provision of this Agreement may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions.

14.11 **Severability.** If any provision of this Agreement, or the application thereof to any Person or entity or any circumstance, is invalid or unenforceable in any jurisdiction, so long as no party is deprived of the benefits of this Agreement in any material respect: (i) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the extent and purpose of such invalid and unenforceable provision, and (ii) the remainder of this Agreement and the application of such provision to other Persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

14.12 **Headings.** Except as provided in Article I, the captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

14.13 **Counterparts.** This Agreement may be executed in any number of counterparts, and by either party on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Fax or PDF signatures shall be deemed the same as original signatures. This Agreement is not binding until executed by both parties hereto.

14.14 **References.** All references in this Agreement to Articles and Sections are to Articles and Sections contained in this Agreement unless a different document is expressly specified.

14.15 **Schedules.** Unless otherwise specified herein, each Schedule referred to in this Agreement is attached hereto, and each such Schedule is hereby incorporated by reference and made a part hereof as if fully set forth herein. A disclosure on any of the attached Schedules is a disclosure for all purposes. Except as set forth herein, all disclosures are made as of the date of this Agreement. The fact that any item or information is contained in the Schedules shall not be construed to mean that such item or information is required to be disclosed in or by this Agreement or that such item or information is material. The Schedules qualify all representations, warranties and covenants set forth in this Agreement to the extent it is reasonably apparent that any such disclosure is relevant or applicable to such other Schedules.

14.16 **Attorneys' Fees.** If any action at law or equity is brought, whether in a judicial proceeding or arbitration, to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses from the other party, which fees and expenses shall be in addition to any other relief which may be awarded.

14.17 **Knowledge.** All references to the knowledge or awareness of Seller or Buyer shall refer to the Seller's or Buyer's respective actual knowledge, assuming a reasonable degree of investigation by such party.

*(The remainder of this page is intentionally left blank.
See next page for the Signature Page to this Agreement)*

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

"SELLER"

AM 570, LLC

By: /s/Brian J. Council
Name: Brian J. Council
Title: CFO & General Counsel

"BUYER"

SALEM MEDIA OF VIRGINIA, INC.

By: /s/Christopher J. Henderson
Name: Christopher J. Henderson
Title: Senior Vice President

LIST OF SCHEDULES

Schedule 3.4	Notices/Consents
Schedule 3.6	Tangible Personal Property
Schedule 3.8	FCC Licenses
Schedule 3.9	List of Station Agreements

Schedule 3.4

Notices/Consents

Representation Agreement dated December 1, 2014 between Christal Radio Sales, Inc. and Red Zebra Holdings, LLC for WSPZ, assigned to Seller as of September 15, 2017 – *requires consent to assign*

Tower Lease Agreement between Salem Radio Properties, Inc. (as Lessor) and AM 570, LLC (as Lessee) dated as of September 15, 2017 – *requires consent to assign*

Comcast Enterprise Services Sales Order Form and Master Services Agreement between Seller and Comcast, dated September 8, 2017.

Schedule 3.6

Tangible Personal Property

Telos Zephyrxstream (not operational – bad ISDN Card)
1,080' of 1/2" stabilized transmission line
1,080' of 7/8" dielectric transmission line
1901 4-tower/2-pattern antenna monitor
2 hp wet/dry vacuum cleaner
260 multimeter
3/8" electric drill
300' of 7/8" foam dielectric transm line
6' grid STL dish antenna
60 kilowatt diesel generator
AM5 five kilowatt AM transmitter
AM6A six kilowatt AM transmitter
ARC-16 remote control system
AS10 C-quam stereo modulation
Asco 200 ampere auto transfer switch
Four-tower AM ground system
hand tools (in lots)
isocoupler
Paraflector STL antenna
Phasetek 5 kilowatt RF load
Phasetek 5 kw antenna system and ATU's
relay interface
Roh 250 gallon above ground fuel tank
36-drawer metal parts cabinet
Double-pedestal metal desk
Two-drawer metal file cabinet
Two-drawer metal legal file cabinet
Upholstered metal swivel chair
Upholstered metal swivel chair
Wood and metal workbench
100 loudspeaker
8' metal enclosed equipment rack
Acopian 10A DC power supply
D-75 audio amplifier
Gemini building security system
Intraplex T1 digital encoder/decoder
RM-3 rack shelf
Advance Replacement PA Module
WSPZ Power Supply

Schedule 3.8

FCC Licenses

Call Sign: WSPZ(AM), Bethesda, MD

Facility ID 11846

Frequency: 570 kHz

Licensee: AM 570, LLC

DESCRIPTION	FILE NUMBER/TYPE	EXPIRATION DATE
Renewal Authorization	BR-20110601ABT	10/1/2019
License Authorization	BZ-19950228AC	—
KPM471	Remote pickup	10/1/2019
WLO430	STL	10/1/2019

Schedule 3.9

List of Station Agreements

1. Tower Lease Agreement between Salem Radio Properties, Inc. (as Lessor) and AM 570, LLC (as Lessee) dated as of September 15, 2017.
 2. Representation Agreement dated December 1, 2014 between Christal Radio Sales, Inc. and Red Zebra Holdings, LLC for the Station, as assigned by Red Zebra Holdings, LLC to Seller as of September 15, 2017.
 3. Seller's interest as assignee in part solely as to the Station of Red Zebra Broadcasting in the Comcast Enterprise Master Services Agreement dated May, 2016, as amended, between Comcast Cable Communications Management, LLC and Red Zebra Broadcasting for fiber.
 4. Comcast Enterprise Services Sales Order Form and Master Services Agreement between Seller and Comcast, dated September 8, 2017.
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LEASE AGREEMENT

This Lease Agreement ("Agreement") is made as of September 15, 2017, by and between Salem Radio Properties, Inc., a Delaware corporation ("Lessor"), and AM 570 LLC, a Maryland limited liability company ("Lessee"), programmer of radio station WSPZ(AM), FCC Facility ID No. 11846 (the "Station").

RECITALS:

A. WHEREAS, Lessor owns a certain tract of land located at 16925 Black Rock Road, Germantown, MD 20876 (common street address), shown as lot 4, in a subdivision known as "SENECA PARK ESTATES", as more particularly described in Exhibit A attached hereto (the "Real Property"), together with certain improvements thereon including, without limitation, radio towers (the "Towers"), radials, a transmitter building and related equipment as more particularly described on Exhibit B attached hereto (the "Lessor Equipment", and collectively with the Real Property the "Transmitter Site"); and,

B. WHEREAS, Lessee desires to lease the Transmitter Site, including the Lessor Equipment, in its Station broadcast operations, and for installation of any additional equipment owned by Lessee which Lessee desires to use in connection with the broadcast operations of the Station ("Lessee Equipment"); and,

C. WHEREAS, the parties are desirous of making a mutually suitable and satisfactory agreement whereby Lessor will lease to Lessee the Transmitter Site on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the following covenants, agreements, conditions and representations, the parties hereto agree as follows:

SECTION 1**USE OF THE LEASED PREMISES**

1.1 Lessor, in consideration of the rents to be paid and covenants herein contained, hereby leases to Lessee the following portion of the Transmitter Site:

(a) Non-exclusive use of those Towers, radials and related Lessor Equipment located at the Transmitter Site, except that Lessee shall have exclusive use of Lessor Equipment that is used or relates solely to operation of the Station; and

(b) Exclusive use of the transmitter building designated on Exhibit B ("Transmitter Space").

All of the property leased under this Section 1.1 shall be referred to herein as the "Leased Premises."

1.2 Lessee may use the Leased Premises for the operation of the Station and, in connection therewith, for the installation, repair, maintenance, operation, housing and removal of the Lessee Equipment, and for repair, maintenance, and operation of the Lessor Equipment. Lessee is fully familiar with the physical condition of the Land, Towers, Lessor Equipment, and Transmitter Site and has received the same in good order and condition, and, except as otherwise noted herein, agrees that it complies in all respects with all requirements of this Agreement. Lessee shall use the Leased Premises exclusively for purposes associated with the operation of the Station.

1.3 Lessee shall have access to the Leased Premises twenty-four (24) hours per day, seven (7) days per week, for the purpose of installing, maintaining and repairing the Lessee Equipment, and for maintaining and repairing the Lessor Equipment.

1.4 Lessor shall not be responsible for repairs or maintenance to the Lessee Equipment.

1.5 During the Term of this Agreement (as hereinafter defined), Lessor and Lessee shall each provide the other with a telephone number which, if called will ring at a location that is staffed by their respective agents twenty-four (24) hours each and every day, seven (7) days each and every week; and Lessor and Lessee shall notify each other promptly in the event of any change in such telephone number.

1.6 Lessee shall not use or permit the Leased Premises to be used by any dangerous, toxic, noxious or offensive trade or business, or for any unlawful purpose.

1.7 Lessee shall not directly or indirectly create, or permit to be created or to remain, and will discharge, any mortgage, lien, security interest, encumbrance or charge on, pledge of or conditional sale or other title retention agreement with respect to the Leased Premises or any part thereof or Lessee's interest therein other than: (a) this Agreement; (b) any lien, including a mortgage on the leasehold interest of Lessee, which must be approved by the Lessor in writing, which approval shall not be unreasonably withheld; (c) liens for impositions not yet payable, or payable without the addition of any fine, penalty, interest or cost for non-payment, or being contested as permitted by Section 4.4, below; and (d) liens of mechanics, materialmen, suppliers or vendors, or rights thereto, incurred in the ordinary course of business for sums which under the terms of the related contracts are not at the time due, provided that adequate provision for the payment thereof shall have been made.

1.8 Lessee shall at its own cost comply with: (a) all environmental laws with respect to its operations on the Real Property; (b) Lessee shall not manage any hazardous materials on the Real Property, nor conduct nor authorize the same, including installation of any underground storage tanks, without prior written disclosure to and approval of the Lessor, which approval may be withheld in its sole discretion; (c) Lessee shall not take any action that would subject the Real Property to permit requirements under the Resources Conservation and Recovery Act or similar legislation or regulations ("RCRA") for storage, treatment or disposal of hazardous materials; (d) Lessee shall not dispose of hazardous materials on the Real Property; (e) Lessee shall not discharge hazardous materials into drains or sewers in violation of environmental laws; (f) Lessee shall not suffer, cause or allow the release of any hazardous materials on, to or from the Real Property in violation of environmental law or in quantities requiring a permit; and (g) Lessee shall at its own cost arrange for the lawful transportation and off-site disposal of all hazardous materials that it generates.

SECTION 2

TERM AND RENT; EXTENSION OPTIONS

2.1 The initial term of this Agreement (the "Initial Term") shall commence on September 15, 2017 (the "Commencement Date"), and shall expire on March 31, 2027. The Initial Term: (a) shall automatically be extended for three (3) additional five (5) year terms (each an "Extension Term") unless Lessee terminates this Agreement at the end of the then-current Initial Term or Extension Term, as applicable, by giving Lessor written notice of intent to terminate at least six (6) months prior to the end of the then-current Initial Term or Extension Term; and (b) if at the end of the third Extension Term set forth in paragraph 2.1(a) this Agreement has not been terminated by Lessee, this Agreement shall continue to be in force upon the same covenants, terms and conditions for a further Extension Term of five (5) years and for five (5) additional Extension Terms thereafter unless either party terminates this Agreement at the end of the then-current Extension Term by giving the other party written notice of intent to terminate at least eighteen (18) months prior to the end of the then-current Extension Term. The Initial Term and all Extension Terms shall be collectively referred to herein as the "Term".

2.2 Lessee agrees to pay rent to Lessor during the Term at 4880 Santa Rosa Road, Camarillo, CA 93012, Attn: Accounting, or to such other person or place as Lessor may designate from time to time by giving notice to Lessee as hereinafter set forth herein, in the following amounts and in the following manner:

(a) During the Term, beginning with the Commencement Date Lessee shall pay a gross rent of \$3,000 per month (the "Gross Rent"), in advance on the first day of each month;

(b) The Gross Rent shall include base rent and Lessee's share of real property taxes for the Leased Premises. In addition to Gross Rent, Lessee shall pay as additional rent (herein sometimes called "Additional Rent"), all sums of money or charges of whatsoever nature (except Gross Rent) required to be paid by Lessee to Lessor pursuant to this Agreement, whether or not the same is designated specifically as Additional Rent. Any Additional Rent provided for in this Agreement shall become payable, unless otherwise provided herein, within ten (10) days after the date Lessor renders a statement therefor; and

(c) The Gross Rent shall increase by two percent (2%) on April 1, 2018, and each April 1 thereafter during the Term.

2.3 Rent and all other sums payable to Lessor hereunder shall be paid without notice, demand, counterclaim, set-off, deduction or defense and without abatement, suspension, deferment, diminution or reduction. Except as expressly provided herein, Lessee waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Agreement or the Leased Premises or any part thereof, or to any abatement, suspension, deferment, diminution or reduction of rent or any other sum payable by Lessee hereunder.

2.4 Any payment by Lessee or acceptance by Lessor of a lesser amount than shall be due from Lessee to Lessor shall be treated as a payment on account. No acceptance of any payment by Lessor from Lessee after termination of this Agreement, or after the service of any notice or commencement of any suit shall renew, reinstate, continue or extend the Term or affect any such notice, demand or suit, unless otherwise agreed by Lessor in writing

2.5 Any rent or other charge not paid within ten (10) business days of a demand therefor shall bear interest at the rate of one percent (1.0%) per month from and after days after its due date until paid, which interest shall be paid by Lessee as Additional Rent.

SECTION 3

CHARGES AND UTILITIES

3.1 Lessor shall, at its sole expense, keep the Leased Premises (including all plumbing, electric, heating, ventilating, air-conditioning and heating equipment therein servicing the Transmitter Space but subject to the allocation provisions set forth in Section 10 of this Agreement) in good and clean order and condition and will promptly make all necessary or appropriate repairs, replacements and renewals thereof, whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen. All repairs, replacements and renewals shall be equal in quality and class to the original work. Lessee waives any right created by any law now or hereafter in force to make repairs to the Leased Premises at Lessor's expense.

3.2 Lessor shall pay all taxes, assessments (including, without limitation, all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term hereof), ground rents, water, sewer or similar rents, rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges in each case, whether general or special, ordinary or extraordinary, foreseen or unforeseen, of every character (including all interest and penalties thereof), which at any time during or in respect of the Term hereof may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon the Leased Premises or any rent therefrom or any estate, right or interest therein, or any occupancy, use or possession of or activity conducted on the Leased Premises or any part thereof, but excluding any income, excess profits or franchise taxes of Lessor determined on the basis of general income or revenue or any interest or penalties in respect thereof.

3.3 Lessee shall pay or cause to be paid all charges for all public or private utility services for Lessee's Equipment at the Transmitter Site.

3.4 Lessor shall pay or cause to pay all charges for janitorial services, refuse collection, and all sprinkler systems and protective services at any time servicing the or otherwise rendered to or in connection with the Leased Premises or any part thereof, will comply with all contracts relating to any such services, and will do all other things required for the maintenance and continuance of all such services.

3.5 All costs and charges set forth or described in Section 3.1, Section 3.2 and Section 3.4 of this Agreement concerning the Leased Premises shall be referred to collectively as the "Maintenance Costs."

SECTION 4

INSURANCE AND INDEMNIFICATION

4.1 Lessee shall, at its sole cost and expense, during the Term hereof, obtain or provide and keep in full force for the benefit of Lessor, as an additional named insured: (a) general public liability insurance, insuring Lessor against any and all liability or claims or liability arising out of, occasioned by or resulting from any accident or other occurrence in or about the Leased Premises arising out of any act or omission of Lessee or any officer, employee, agent or contractor of Lessee, for injuries to any person or persons, with limits of not less than One Million Dollars (\$1,000,000.00) for injuries to one person, Two Million Dollars (\$2,000,000.00) for injuries to more than one person, in any one accident or occurrence, and for loss or damage to the property of any person or persons, for not less than Five Million Dollars (\$5,000,000.00); (b) insurance with respect to the Lessee Equipment against loss or damage by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke and other risks from time to time included under "extended coverage" policies, in an amount equal to at least one hundred percent (100%) of the full replacement value of the Lessee Equipment and, in any event, in an amount sufficient to prevent Lessor or Lessee from becoming a co-insurer of any partial loss under the applicable policies, which shall be written on a replacement cost basis; (c) appropriate workers' compensation or other insurance against liability arising from claims of workers in respect of and during the period of any work on or about the Leased Premises; and (d) insurance against such other hazards and in such amounts as is customarily carried by owners and operators of similar properties, and as Lessor may reasonably require for its protection. Lessee shall comply with such other requirements as Lessor, or any mortgagee, may from time to time reasonably request for the protection by insurance of their respective interests. The policy or policies of insurance maintained by Lessee pursuant to this Paragraph shall be of a company or companies authorized to do business in Maryland and a certificate thereof shall be delivered to Lessor, together with evidence of the payment of the premiums therefor, not less than fifteen (15) days prior to the commencement of the Term hereof or of the date when Lessee shall enter upon the Leased Premises, whichever occurs sooner. At least fifteen (15) days prior to the expiration or termination date of any policy, Lessee shall deliver a certificate of a renewal or replacement policy with proof of the payment of the premium therefor. Any such insurance required by this Paragraph may, at Lessee's option, be provided through a blanket policy or policies.

4.2 Lessee shall indemnify, defend and hold Lessor harmless from and against all claims, actions, losses, damages, liabilities and expenses (including reasonable attorneys' fees) incurred by or asserted against Lessor, whether during or after the Term of this Agreement, including by reason of personal injury, loss of life, or damage to property, caused by or resulting from in whole or any material part: (a) any breach of this Agreement by Lessee; (b) any negligent or intentional act or omission of Lessee, its employees, agents, invitees or contractors, whether in, on, about or with respect to the Leased Premises or otherwise; (c) the use by Lessee of any part of the Leased Premises or the Lessor Equipment; (d) any work undertaken by or at the request of Lessee on or about the Leased Premises; (e) any other activity undertaken by or at the request of Lessee pursuant to or in connection with this Agreement; or (f) the presence of any individuals on the Leased Premises as a result of Lessee's request or this Agreement.

4.3 If Lessor so elects by notice to Lessee, Lessee shall have the obligation of defending, at its sole cost and expense, by counsel selected by Lessee and approved by Lessor (such approval not to be unreasonably withheld), against any claim to which the foregoing indemnity may apply. Lessor may assume, or require that such defense be assumed, by Lessor and counsel selected by Lessor, at the cost and expense of Lessee if Lessor is for any reason dissatisfied with the defense by Lessee, or believes that its interests would be better served thereby. In any case where Lessee is defending any such claim, Lessor may participate in the defense thereof by counsel selected by it, but at Lessor's expense. Lessee shall not enter into any settlement of any claim without the consent of Lessor, which consent shall not be unreasonably withheld.

4.4 Lessor shall indemnify Lessee and hold Lessee harmless from and against all claims, actions, losses, damages, liabilities and expenses (including reasonable attorneys' fees) incurred by or asserted against Lessee, whether during or after the Term of this Agreement, including by reason of personal injury, loss of life, or damage to property, caused by or resulting from in whole or any material part: (a) any breach of this Agreement by Lessor; (b) any negligent or intentional act or omission of Lessor, its employees, agents, invitees or contractors, whether in, on, about or with respect to the Leased Premises or otherwise; (c) the use by Lessor of any part of the Leased Premises; (d) any work undertaken by or at the request of Lessor on or about the Leased Premises; (e) any other activity undertaken by or at the request of Lessor pursuant to or in connection with this Agreement; or (f) the presence of any individuals on the Leased Premises as a result of Lessor's request or this Agreement; *provided, however*, that Lessor shall not be required to indemnify Lessee for any damages, injury, loss or expense arising out of Lessee's or its agents', employees', invitees' or contractors' negligent acts or omissions, and further, neither Lessor, nor its agents or employees, shall be liable for Lessee's damage or losses caused by other tenants of Lessor at the Leased Premises.

4.5 If Lessee so elects by notice to Lessor, Lessor shall have the obligation of defending, at its sole cost and expense, by counsel selected by Lessor and approved by Lessee (such approval not to be unreasonably withheld), against any claim to which the foregoing indemnity may apply. Lessee may assume or require that such defense be assumed by Lessee and counsel selected by Lessee, at the cost and expense of Lessor, if Lessee is for any reason dissatisfied with the defense by Lessor, or believes that its interests would be better served thereby. In any case where Lessor is defending any such claim, Lessee may participate in the defense thereof by counsel selected by it, but at Lessee's expense. Lessor shall not enter into any settlement of any claim without the consent of Lessee, which consent shall not be unreasonably withheld.

4.6 Nothing in this Agreement shall be construed so as to authorize or permit any insurer of Lessor or Lessee to be subrogated to any right of Lessor or Lessee against the other. Each of Lessor and Lessee hereby releases the other to the extent of its insurance coverage for any loss or damage caused by fire or any of the extended coverage casualties, even if such fire or other casualty shall be brought about by the fault or negligence of the other party or persons for whose acts said party is liable.

SECTION 5

REPRESENTATIONS, WARRANTIES AND OTHER OBLIGATIONS

5.1 Lessor represents and warrants that:

(a) The execution and performance of this Agreement shall not constitute a breach or violation under any Agreement to which Lessor is a party.

(b) To the best of Lessor's knowledge, there are no violations of any federal, state, county or municipal law, ordinance, order, regulations or requirement with respect to the Leased Premises, and as of the date of this Agreement, no notice of any kind relating thereto (which would adversely affect the transactions contemplated by this Agreement) has been issued by public authorities having jurisdiction over the Leased Premises.

(c) With the exception of the duplex rights under that Certain Tower Lease Agreement between Lessor (as successor-in-interest to Red Zebra Broadcasting, LLC) and DC Radio Assets, LLC dated as of October 17, 2016, no person or party other than Lessor has a right to use the Leased Premises for any purpose which would affect Lessee's right to use the Leased Premises as contemplated hereunder. In addition, lessor shall not develop, sell, lease or otherwise grant any rights to any person or entity regarding the development of or construction upon the Transmitter Site without first obtaining Lessee's prior written consent to any such development or construction.

(d) Lessor has not received written notice of pending or contemplated condemnation proceedings affecting the Leased Premises or any part thereof.

(e) To the best of Lessor's knowledge, there is no action, suit or proceeding pending or threatened against or affecting the Leased Premises or any portion thereof and Lessor has not received notice written or otherwise of any litigation affecting or concerning the Leased Premises relating to or arising out of its ownership, management, use or operation. Lessor shall give to Lessee prompt notice of institution of any such proceeding or litigation.

(f) To the best of Lessor's knowledge, there are presently no proceedings against Lessor for overdue real estate taxes assessed against the Leased Premises for any fiscal period.

(g) Lessor shall promptly advise Lessee in writing of any written notice received from any governmental authority to comply with the terms, provisions and requirements of any local, state and federal laws, ordinances, directives, orders, regulations and requirements which apply to any portion of the Leased Premises or to any adjacent street or other public area or to the maintenance, operation or use thereof.

(h) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary actions on the part of Lessor (none of which actions have been modified or rescinded and all of which actions are in full force and effect). This Agreement constitutes a valid and binding agreement and obligation of Lessor, enforceable in accordance with its terms.

(i) Subject to liens and encumbrances of record, Lessor owns good and marketable title in fee simple to the Leased Premises, and Lessor acknowledges that Lessee is relying upon the foregoing representation and warranty in entering into this Agreement and in expending moneys in connection herewith. Lessor shall not encumber or permit any encumbrances, liens or restrictions on Lessee's Equipment, except with the prior written approval of Lessee.

5.2 Each party shall comply in all material respects with all local, state and federal laws, statutes, ordinances, rules, regulations, orders and decrees that it knows to be applicable in connection with its activities and operations at the Leased Premises, and Lessor shall require the same representation and warranty from all additional users of the facilities at the Leased Premises.

5.3 The parties agree that, during the Term of this Agreement neither party shall intentionally do anything at the Leased Premises that will interfere with or adversely affect the operations of the other party.

5.4 In the event that during the Term of this Agreement there shall be an actual condemnation or foreclosure and taking of all of the Leased Premises, or a portion thereof such that it renders the Leased Premises unsuitable for broadcasting, this Agreement may be terminated by written notice from either party to the other and thereafter each of the parties shall be relieved of any future liability to the other under this Agreement, except as to obligations accrued and not yet discharged at the date of termination. Following any condemnation or foreclosing order, Lessee may continue to use the property for operations under the terms of this Agreement until Lessee finds and begins to utilize new facilities or until prevented by the condemning or foreclosing authority from utilizing the Leased Premises, whichever occurs first.

5.5 Lessee represents and warrants that its Equipment, located and to be located on or about the Leased Premises and the operation thereof, do not and will not result in exposure by workers or the general public to levels of radio frequency radiation in excess of the "Radio Frequency Protection Guides" recommended in "American National Standard Safety Levels With Respect to Human Exposure to Radio Frequency Electromagnetic Fields, 300 KHz to 100 GHz", issued by the American National Standards Institute ("Acceptable Radio Frequency Radiation Standards").

5.6 Lessee covenants that, with the exception of a diesel standby generator and related fuel stored on the Leased Premises, it will not at any time during the Term of this Agreement, transmit, store, handle or dump toxic or hazardous wastes anywhere at or around the Leased Premises.

5.7 Lessee shall promptly advise Lessor in writing of any written notice received from any governmental authority to comply with the terms, provisions and requirements of any local, state and federal laws, ordinances, directives, orders, regulations, and requirements which apply to any portion of the Leased Premises or to any adjacent street or other public area or the maintenance, operation or use thereof.

5.8 Lessee represents and warrants that the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary actions on the part of Lessee (none of which actions have been modified or rescinded and all of which actions are in full force and effect). This Agreement constitutes a valid and binding agreement and obligation of Lessee, enforceable in accordance with its terms. Lessee represents and warrants that it has the authority to program the Station pursuant to authorization from the licensee of the Station.

5.9 Lessee represents and warrants that the Lessee Equipment is and will remain in material compliance at all times during the Term with all federal, state, county, municipal, local, administrative and other governmental laws, statutes, ordinances, codes, rules, regulations and orders pertaining thereto, including, without limitation, to the extent applicable, all zoning laws and building codes and all regulations of the Federal Aviation Administration ("FAA") and the Federal Communications Commission ("FCC").

5.10 In case of any material damage to or destruction of the Leased Premises, the Lessor Equipment, or any part thereof, Lessee shall promptly give written notice thereof to Lessor and any mortgagee, generally describing the nature and extent of such damage or destruction. In case of any damage to or destruction of the Lessor Equipment or any parts thereof, Lessee, whether or not the insurance proceeds, if any, on account of such damage or destruction shall be sufficient for the purpose, at its sole expense, shall promptly commence and complete the restoration, replacement or rebuilding of the Lessor Equipment as nearly as possible to its value, condition and character immediately prior to such damage or destruction.

5.11 Lessee will execute, acknowledge and deliver to the Lessor, promptly upon request, a certificate certifying that: (a) this Agreement is unmodified and in full force and effect (or, if there have been modifications, that the Agreement is in full force and effect as modified, stating the modifications); (b) the dates, if any, to which rent and other sums payable hereunder have been paid; and (c) no notice has been received by Lessee of any default which has not been cured, except as to defaults specified in said certificate. Any such certificate may be relied upon by any prospective purchaser or mortgagee of the Leased Premises or any part thereof.

5.12 Lessor will execute, acknowledge and deliver to the Lessee or any mortgagee, promptly upon request, a certificate certifying that: (a) this Agreement is unmodified and in full force and effect (or, if there have been modifications, that the Agreement is in full force and effect, as modified, stating the modifications), (b) the dates, if any, to which rent and other sums payable hereunder have been paid, and (c) whether or not, to the knowledge of Lessor, there are then existing any defaults under this Agreement (and if so, specifying the same).

5.13 In the event it is necessary for Lessee to reduce, limit or cease its use of its Equipment so that Lessor or any other lessee of Lessor may install, maintain, repair, remove or otherwise work upon their facilities in compliance with then current OSHA, FCC and ANSI standards, including such standards relating to radio frequency radiation, or such other and further health and safety standards imposed by any federal, state or local authority, Lessee agrees to cooperate in a commercially reasonable manner with the party seeking to conduct said installation, maintenance, repairs, removal or work and to temporarily reduce, limit or cease its use of the Lessor Equipment, the Lessee Equipment and the Leased Premises; provided said party takes all reasonable steps to minimize the amount of time Lessee shall so operate and said party shall take all reasonable steps to schedule such installation, maintenance, repairs, removal or work at a time convenient to Lessee. Notwithstanding the foregoing, Lessee shall not be entitled to any abatement in rent or any other amount, fees or damages for its compliance with this section. Lessee shall be provided reasonable advance notice of any need to reduce, limit or cease its use of the Lessor Equipment, the Lessee Equipment or the Leased Premises pursuant to this section. Lessor shall require, in all agreements to lease space on the Leased Premises entered into after the date hereof, provisions substantially similar to those contained in this section and diligently enforce said provisions against such future lessees.

SECTION 6

EVENTS OF DEFAULT

6.1 Any of the following events shall constitute a default on the part of Lessee:

(a) The failure of Lessee to pay rent or additional rent, and continuation of such failure for more than ten (10) days after Lessee's receipt of written notice thereof from Lessor; provided, however, that Lessor shall not be required to provide such written notice to Lessee more than twice prior to declaring such failure to pay an event of default;

(b) The failure of Lessee to cure any other default under the terms hereof, and continuation of such failure to cure for more than thirty (30) days after notice by Lessor, provided, however, that if the nature of Lessee's default is such that more than thirty (30) days is required for its cure, then Lessee shall not be deemed to be in default if Lessee has commenced such cure within the thirty (30) day period and demonstrates to Lessor's reasonable satisfaction that such default is curable and thereafter diligently prosecutes such cure to completion; or

(c) Lessee is finally and without further right of appeal or review, adjudicated a bankrupt or insolvent, or has a receiver appointed for all or substantially all of its business or assets on the ground of its insolvency, or has a trustee appointed for it after a petition has been filed for Lessee's reorganization under the Bankruptcy Act of the United States, or any future law of the United States having the same general purpose, or if Lessee shall make an assignment for the benefit of its creditors, or if Lessee's interest hereunder shall be levied upon or attached, which levy or attachment shall not be removed within twenty (20) days from the date thereof.

6.2 If an event of default on the part of Lessee shall occur at any time, Lessor, at its election, may give Lessee a notice of termination specifying a day not less than thirty (30) days thereafter on which the Term of this Agreement shall end, unless such default shall be cured within said period, or, if the default is such that more than thirty (30) days is required for its cure, unless Lessee has commenced such cure within said period. If such notice is given, the Agreement shall expire on the day so specified as fully and completely as if that day were the day herein originally fixed for such expiration, and Lessee shall then quit and surrender the Leased Premises to Lessor, but Lessee shall remain liable for the payment of rent during the full period which would otherwise constitute the balance of the Term of this Agreement; and without prejudice to any other right or remedy which it may have hereunder or by law, and notwithstanding any waiver of any prior breach of condition or event of default hereunder, Lessor may re-enter the Leased Premises either by reasonable force or otherwise, or dispossess Lessee, any legal representative of Lessee or other occupant of the Leased Premises by appropriate suit, action or proceeding and remove its effects and hold the Leased Premises as if this Agreement had not been made.

6.3 The failure of Lessor to cure any default under the terms hereof, and continuation of such failure to cure for more than thirty (30) days after notice by Lessee, shall constitute a default on the part of Lessor; provided, however, that if the nature of Lessor's default is such that more than thirty (30) days is required for its cure, then Lessor shall not be deemed to be in default if Lessor has commenced such cure within the thirty (30) day period, demonstrates to Lessee's reasonable satisfaction that such default is curable and thereafter diligently prosecutes such cure to completion.

6.4 If an event of default on the part of Lessor shall occur at any time, Lessee, at its election, may give Lessor a notice of termination specifying a day not less than thirty (30) days thereafter on which the Term of this Agreement shall end, unless such default shall be cured within said period, or, if the default is such that more than thirty (30) days is required for its cure, unless Lessor has commenced such cure within said period. If such notice is given, the Agreement shall expire on the day so specified as fully and completely as if that day were the day herein originally fixed for such expiration, and Lessee shall then quit and surrender the Leased Premises to Lessor, and Lessee shall not be liable for payment of rent for any period after such expiration.

SECTION 7

ASSIGNMENT

Lessee shall not assign this Agreement nor sublet any portion of the Leased Premises without the prior written consent of the Lessor, which consent may be not be unreasonably withheld or delayed; provided, however, that Lessee may assign this Agreement without consent to a person or entity that purchases all or substantially all of the assets of the Station. Notwithstanding any assignment or sublease, Lessee shall remain primarily liable under this Agreement unless this Agreement is assigned to Lessor or a company that is affiliated with Lessor (a "Lessor-Related Assignment") in which case Lessee shall no longer have liability hereunder effective as of the date of any such Lessor-Related Assignment.

SECTION 8

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT

This Agreement shall not be a lien against the Leased Premises in respect to any mortgages and security agreements placed or hereafter to be placed by Lessor upon the Leased Premises. The recording of such mortgages and security agreements shall have preference and precedence and be superior and prior in lien to this Agreement, irrespective of the date of recording, and Lessee agrees to execute any instruments, without cost, which may be deemed necessary or desirable to further effect the subordination of this Agreement. Lessor shall make a reasonable effort to obtain from any mortgagees or lenders holding an interest in the nature of a mortgage in the Leased Premises an agreement that the mortgagee or lender shall not disturb Lessee's quiet possession in the event of foreclosure. If any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Lessor encumbering the Leased Premises, Lessee shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Lessor under this Agreement.

SECTION 9

QUIET ENJOYMENT

9.1 Lessor agrees that it shall not enforce any unreasonable rules or regulations which would unduly prejudice the conduct of Lessee's business, or which would prevent full and free access to the Leased Premises by Lessee, as herein provided.

9.2 Lessor reserves and shall at all times have the right to re-enter the Leased Premises to inspect the same, to supply any service to be provided by Lessor to Lessee hereunder, to show the Leased Premises to prospective purchasers, mortgagees, or lessees, and to post notices of non-responsibility, without abatement of rent, provided entrance to the Leased Premises shall not be denied Lessee.

SECTION 10

USE OF REAL PROPERTY BY LESSOR

At all times during the Term of this Agreement, Lessor shall have the right to place and operate, or to permit another tenant to place and operate, broadcasting equipment on the Leased Premises and on the Towers, or, upon receipt of Lessee's consent as set forth in Section 5.1(c), to use the Leased Premises for any other lawful purpose, provided: (a) such actions do not interfere with Lessee's operations, and (b) the existence of such tenants, whether individually or in the aggregate, does not materially increase the Maintenance Costs (as defined in Section 3.5 of this Agreement). To the extent that such additional tenant(s) occupancy of the Leased Premises results in a material increase in the Maintenance Costs, Lessee and such additional tenant(s) shall each pay a proportionate allocation of the Maintenance Costs. Except as described in the prior sentence regarding allocation of Maintenance Costs, Lessor shall have no obligation to pay rent to Lessee for the uses described above and may retain any and all rents received from those other tenants. In the event the existence, operations or use of the Leased Premises by another tenant(s) causes "Interference" (as defined below) with or signal diminution of a broadcasting activity of the Station and the equipment receiving such Interference is operating in accordance with manufacturer's specifications, good engineering practice and the rules of the FCC, Lessor shall, upon notice from Lessee, take all necessary steps to cause the new tenant(s) to correct and eliminate the Interference and/or signal diminution within a reasonable length of time, but in no event more than twenty-four (24) hours after having been given such notice by Lessee, unless otherwise agreed to in writing. If the Interference and/or signal diminution is not eliminated within such twenty-four (24) hour period, the new tenant(s) shall reduce power to eliminate the Interference, or cease using the installations causing the Interference and/or signal diminution, except for tests of short duration under terms acceptable to Lessee in order to eliminate the problem, and the new tenant(s) will not resume operation of such equipment until the problem is eliminated. As used herein, "Interference" with a transmitting activity shall mean (i) a condition existing that constitutes "interference" within the meaning of the provisions of the then-current recommended practices of the Electronics Industry Association or under the rules, regulations, technical bulletins and orders of the FCC then in effect, or (ii) there exists a material impairment of the quality of the sound signals of a broadcasting activity of any lessee or licensee on the Leased Premises in a material portion of the broadcast service area of such activity, as compared to that which existed prior to the commencement of (or alteration to) the operations of the most recent use of the Lessor Equipment or Lessee Equipment.

SECTION 11

SALE OF LEASED PREMISES BY LESSOR

Notwithstanding any of the provisions of this Agreement, Lessor: (a) may assign, in whole or in part, Lessor's interest in this Agreement; and (b) may sell all or part of the Leased Premises, including the Lessor Equipment. In the event of any sale or exchange of the Leased Premises by Lessor and assignment by Lessor of this Agreement, Lessor shall not be relieved of any liability under any and all of its covenants and obligations contained in or derived from this Agreement arising out of any act, occurrence or omission relating to the Leased Premises occurring prior to the consummation of such sale or exchange and assignment.

SECTION 12

BROKERAGE

The parties acknowledge and agree that this Agreement has not been brought about as a result of the services of any real estate broker, firm or corporation, and each indemnifies and holds the other harmless from any and all claims from any person(s) claiming to have rendered real estate services in connection with this Agreement.

SECTION 13

SURRENDER OF PREMISES

Upon the expiration of the Term hereof, Lessor shall retain all right, title and interest in and to the Leased Premises (including the radio towers, buildings and Lessor's Equipment located on the Real Property). Any of Lessee's Equipment, fixtures, goods or other property not removed within one hundred and eighty (180) days after any quitting, vacating or abandonment of the Leased Premises, or upon Lessee's eviction therefrom, shall be considered abandoned, and Lessor shall have the right, without notice to Lessee, to sell or otherwise dispose of same without having to account to Lessee for any part of the proceeds of such sale.

SECTION 14

NOTICES

All notices, demands, and requests required or permitted to be given hereunder shall be in writing and sent by overnight delivery service or by certified mail, return receipt requested, as follows:

if to Lessor:

SALEM RADIO PROPERTIES, INC.
4880 Santa Rosa Road
Camarillo, CA 93012
Attn: Christopher J. Henderson, Senior V.P. and General Counsel

if to Lessee:

AM 570, LLC
855 Aviation Drive
Camarillo, CA 93010
Attn: Brian Council, CFO and General Counsel

Either party hereto may change the place for notice to it by sending like written notice, by: (a) overnight delivery service; (b) certified mail, return receipt requested; or (c) by facsimile and by first class mail, to the other party hereto.

SECTION 15

BINDING NATURE

The provisions of this Agreement shall apply to, bind and inure to the benefit of Lessor and Lessee, their respective successors, legal representatives or assigns. The terms of this Agreement and any disputes arising therefrom, shall be governed by the laws of the State of Maryland.

SECTION 16

ENTIRE AGREEMENT

This Agreement contains the entire understanding and agreement between the parties and supersedes all prior written or oral agreements between the parties relating to the Leased Premises. No representative, agent or employee of Lessor has been authorized to make any representations or promises with reference to the within agreement or to vary, alter or modify the terms hereof. No additions, changes or modifications shall be binding unless reduced to writing and signed by the parties.

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

LESSOR:

SALEM RADIO PROPERTIES, INC.

/s/Christopher J. Henderson

Christopher J. Henderson

Sr. Vice-President and General Counsel

LESSEE:

AM 570, LLC

/s/Brian Council

Brian Council

CFO and General Counsel

EXHIBIT A

Leased Premises

Fifty-Eight (58) acre transmitter site located at 16925 Black Rock Road, Germantown, Maryland 20876 located in Montgomery County, Maryland, shown as lot 4, in a subdivision known as "SENECA PARK ESTATES," recorded in Plat Book 167 at Plat 18848 among the land records of Montgomery County.

EXHIBIT B

LESSOR'S EQUIPMENT

1. Directional AM transmission antenna system comprised of four (4) guyed, steel towers, each 400 feet in height and underground copper radial ground system.
2. Each tower is enclosed by a twenty (20) foot square fence.
3. Tuning equipment mounted inside a small permanent structure at the base of each tower.
4. Electrical connections to the tower structure made by a loop of copper tubing from tuning equipment cabinets.
5. Towers fed by underground transmission lines, power and control lines from a centrally located 20x40 equipment building. This building is LESSOR's existing equipment building which contains transmitters, control equipment, phasing and power dividing equipment.
6. An adjacent diesel emergency generator and fuel tank are located behind a ten (10) foot concealment.