

## **Grace Media Group and Grace Broadcasting Services, Inc**

### **Political Advertising Terms and Disclosures**

#### **POLITICAL DISCLOSURE STATEMENT**

The following sets forth the policies and practices of Grace Media Group/Grace Broadcasting Services, Inc. (the "Station") regarding the sale of time to candidates for public office. The Station reserves the right to revise these policies to the extent necessary to meet requirements of the Federal Communications Commission ("FCC") and the Federal Election Commission ("FEC"). All Federal candidates must comply with the requirements of the Bipartisan Campaign Reform Act of 2002. Candidates and their representatives are encouraged to contact the Station if further information is needed on any of the subjects discussed below.

#### **1. Policy Applies to "Uses"**

These policies apply only to "uses" by candidates; that is any "positive" (as contrasted with "negative") candidate appearance, by voice or picture, in a non-exempt program. Equal opportunities apply to those uses also. These policies are not applicable to material provided by independent political action committees or to non-candidate authorized "issue" advertising.

#### **2. Reasonable Access for Federal Candidates**

All legally qualified candidates for federal offices are entitled to reasonable access to the Station's facilities for the purchase of time during an election campaign. While the Station retains the ultimate discretion to determine the amount and placement of time sold to meet the needs of federal candidates, the Station will consider all requests for time and be available to make reasonable accommodations with respect to such requests in light of all relevant circumstances applicable to the candidate and the Station.

Candidates for non-federal offices are not entitled to reasonable access, and therefore they should contact the Station to determine the extent to which the Station is planning to accept spots for candidates competing in non-federal election races.

Purchases of time for both federal and non-federal candidates may be subject to the "equal opportunities" rights of opposing candidates in accordance with federal law.

#### **3. Rates - Lowest Unit Charge: Comparable Rates**

In specified pre-election periods, candidates will receive the Station's lowest unit charge (LUC) for political "uses." Such rates will be afforded to qualified candidates during the 45-day period prior to primary elections and the 60-day period before general elections. All other political advertisements, including those spots sponsored by independent political action committees or for non-candidate authorized "issue" advertising, are sold at regular prevailing commercial rates. The estimated LUC for each Class of Time for the various time periods and length of time we sell is published in a rate card or will be provided upon request at the time an order is received. Published rates are typically for spots with a :60 length of time. Rates for other lengths of time are also typically published on the rate card. Rate card data is subject to change in conformity to the Station's normal commercial sales practices, making it necessary for advertisers to reconfirm rates when placing orders. During the pre-election periods Rate Card data is typically updated weekly.

Note: Federal candidates must provide the station with a certification acceptable to the station that they (and their authorized committee) have not and will not make any direct reference to another candidate for the same office in any broadcast unless the broadcast complies with Section 315(b)(2)(C) of the Communications Act as amended by the Bipartisan Campaign Reform Act of 2002. This certification must be provided before the pre-election windows if the candidate intends to receive statutory lowest unit charge benefits inside of the pre-election windows and should be provided with the first order whenever possible. Outside of these 45 and 60-day periods, the cost of political advertising appearances by candidates will be based upon the charges made by the Station for

comparable use by other advertisers, including commercial advertisers. The Station does not promise the lowest unit charges to candidates during this period. The Station's rate card is applicable to all of the Station's advertisers prior to the 45 and 60-day periods.

Special rates for program time and packages of spot announcements, as well as frequency and other discounts, are separately negotiated with various advertisers. Information regarding these availabilities and other factors that may be considered in negotiating advertising plans and rates will be provided by the Station upon request.

#### **4. Orders**

Orders for political time will not be considered firm for broadcast clearance until the following have been provided:

- a. Completed and signed Agreement Form PB18 for Political Candidates.
- b. Net cash-in-advance payment, for entire schedule, where required.
- c. Where the purchase is made by a corporation, committee, association or other non-incorporated group, a list of the entity's chief executive officers or members of the executive committee or board of directors is required.
- d. Where doubt exists, satisfactory proof that the candidate is "legally qualified," as that term is defined by the FCC.
- e. Where doubt exists, satisfactory proof that the purchaser is authorized to buy time for the candidate.
- f. Deadlines for all commercial material, time orders and contract changes are as follows:

For Spots Airing On	Deadline
	Monday – Friday 11AM
	Tuesday – Monday 1PM
	Wednesday – Tuesday 1PM
	Thursday – Wednesday 1PM
	Friday – Thursday 1PM
	Saturday & Sunday – Friday 11AM

Copy changes for the Saturday, Sunday and Monday immediately preceding election day will be accepted up to Friday 3:30PM

g. We will air political advertisements on Election Day up until 7pm local time although we will limit buys to one spot per hour on Election Day to ensure reasonable access to all candidates.

Failure by a political adviser to fulfill all requirements in advance of the deadlines may result in preemption of some or all announcements or programs previously cleared.

h. Confirmation of broadcast or changes to schedules as ordered will be sent to the political advertiser and placed in the Station's Public File as soon as possible. Access to Station's public file is available, in person, during regular business hours. M-F, [9am – 5:00pm]. Copies of materials are available at \$.50 per page.

#### **5. Other Requirements; Credit Policy**

All political orders must be accompanied by a signed and completed Agreement Form for Political Candidates in form satisfactory to the Station.

Unless the candidate, the candidate's campaign committee or the candidate's agency has established an acceptable credit history with the Station and will accept full responsibility for all air time and production charges pertaining to the candidate, net cash payment must be received two (2) days in advance of the broadcast of the first announcement scheduled in any contract. Announcements for independent political action committees or issue advertising must be paid in advance at the time that an order is placed.

## **6. Production**

The Station's production facilities reasonably will be available to produce commercials for political advertisers on the same terms as provided to commercial advertisers. On-air personalities may not voice political spots.

## **7. Classes of Time: Availabilities**

Our advertising rates are negotiated and established based on supply and demand. The rates vary within and among each class of time and due to overall market conditions/ advertiser demand at the time the order is placed. As the demand for inventory changes, our rates are adjusted to reflect the demand in our market for each class of our available inventory.

For certain classes of time, prospects for clearance usually diminish as the election draws closer.

a. Legally qualified federal candidates may purchase time in all classes, subject to availabilities. The base availability is a 60-second commercial. Commercial time is available in other lengths of 15 or 30 seconds.

b. CANDIDATES SHOULD BE AWARE THAT, UNLESS A CONTRARY RESULT IS DEMANDED BY STATUTORY REQUIREMENTS, ORDERS FOR THE PURCHASE OF TIME MAY NOT BE FILLED DUE TO LACK OF AVAILABILITIES OF A PARTICULAR CLASS OF TIME. IN SUCH CASE, CANDIDATES WILL BE OFFERED A DIFFERENT CLASS OF TIME (IF AVAILABLE). THE EARLIER AN ORDER IS PLACED, THE GREATER THE SCHEDULING OPTION WILL BE.

c. Requests for non-standard length commercial and program time will be considered on an individual basis only. No promotional announcements (aside from a candidate's separately purchased spots) will be scheduled to promote political programs.

## **8. Non-Cash Merchandising and Promotional Announcements**

The Station may offer various non-cash merchandising and promotional incentives to advertisers.

There are two instances where these incentives are not available to political advertisers: (1) where the value of such merchandise is negligible ("de minimis") or (2) where the non-cash incentive plans or promotions reasonably imply a relationship between the Station and the advertiser.

If a candidate is interested in promotional tie-ins, please call the Station for opportunities and details.

## **9. Agency and Candidate Commissions**

The Station customarily provides a 15% discount for advertising purchases made by an advertising agency. Political candidates and authorized campaign committees who purchase time for a "use" during the "lowest unit charge" periods without an advertising agency will be extended a 15% discount.

## **10. Make Goods**

The Station will use reasonable efforts to provide "make good" spots prior to the election for candidate "use" spots that are preempted due to technical problems, program preemptions, or because of the nature of the Class of Time purchased. Depending on the class of time purchased, make goods may or may not be provided in comparable programming and/or before the end-date of the contract. If make goods are not acceptable to the advertiser, the Station will provide credits or refunds for preempted spots, at the option of the candidate.

## **11. Rebate Policy**

In the event that the Station broadcasts advertising time for a particular length and class of time in a particular time period at a rate which is lower than the rate charged a candidate for a "use" (as defined above) of the same amount and class of time in the same time period, the Station will afford the candidate the benefit of the lower rate by means of a rebate or a credit against future purchases, as determined by the candidate.

## **12. Sponsor Identification**

The Station expects all federal candidates to comply with the requirements of the Bipartisan Campaign Reform Act of 2002. These requirements include new sponsorship identification requirements. It is the responsibility of the candidate, and not the station, to ensure that each candidate ad complies with applicable federal requirements. At a minimum, all spots and programming must comply with the sponsorship identification requirements of Section 317 of the Communications Act and applicable rules of the FCC and Federal Election Commission.

For a federal candidate to receive the lowest unit charge for the class of time purchased, all ads that refer to opposing candidates must contain a statement that is read by the candidate which identifies the candidate, states that the candidate approved the broadcast, and states that the candidate or the candidate's authorized committee paid for the broadcast.

## **13. Disclosure Statement Is Not an Offer to Sell**

This is a statement of policies that this Station, in good faith, attempts to follow in connection with the sale and placement of political advertising "uses." The terms of any actual sale are contained in our sales contract, and none of the matters in this disclosure statement are incorporated by reference in the sales contract.

## **14. Revisions/Waiver**

These policies may be waived at Station's discretion in particular circumstances for good cause shown, but any such waiver shall not affect the continued general applicability of these said policies. Station reserves the right to revise all policies regarding political broadcasts and make such changes as might be deemed appropriate in order to be in full compliance with FCC or FEC regulations with regard to political advertising. Station will make available to advertisers information as to any material modification of policy.

## **15. Disputes**

Our policy is to comply with all rules regarding political advertising and should there be a dispute regarding our compliance with that policy over determination of a "use", reasonable access, LUC or any other issue, please notify the Market Manager of your concern and we will attempt to resolve it in accordance with our policies and the regulations.

If we are unable to resolve your dispute, The Communications Act of 1934, as amended (the "Act"), establishes certain requirements for the sale of broadcast advertising time for use by or on behalf of political candidates. The FCC has adopted rules and policies to implement those requirements and has asserted its exclusive jurisdiction to enforce the Act. Complaints concerning the sale of political advertising by Station should therefore be filed with the FCC, subject to judicial appeal as provided by the Act. In order to ensure that material necessary to resolution of disputes is maintained, political advertisers should file complaints with the FCC concerning Station's political practices and policies promptly. The FCC's resolution of such complaint(s), subject to such judicial review as is provided by the Act, provides the sole and exclusive remedy for such complaints.

## **THIS POLICY IS SUBJECT TO CHANGE.**

### **EXHIBIT 1**

#### **CLASSES OF TIME**

We offer the following classes of advertising to all advertisers.

If any advertiser wants to know the chances of pre-emption for any class of time, we will provide its best good faith estimate of the odds of pre-emption at the time an advertising schedule is placed.

#### **Fixed:**

Ads are scheduled to air in a particular daypart and/or specific days.

Fixed ads may not be pre-empted in favor of any other ad and will air as scheduled other than in instances of unforeseen program changes, technical difficulties, or to comply with federal regulations. The odds of pre-emption are minimal.

**Pre-emptible with notice:**

Ads are scheduled to air at the station's discretion in the particular program, time period, daypart, or day specified by the advertiser. These ads may be pre-empted in favor of other ads purchased in a higher class of time. Should a pre-emption occur, the political advertiser will be notified at least one (1) day prior to the originally scheduled spot time, and station will make every effort to provide a makegood before the election.

(make-good example: An ad is scheduled to run in Morning Drive 6a-10a. If the ad is pre-empted by an advertiser buying a higher class of time, the station will first look to another Morning Drive 6a-10a spot on a different day prior to the election. However, should this not be available in the requested class of time, the station will offer area(s) where such class is available which will provide a comparable audience.)

Factors that we consider in determining preemptions include the class of time, schedule end date, and the number of pre-emptions that the advertiser has incurred on the current schedule.

This is the most common class of time purchased by commercial advertisers. Schedules generally run at 80% to 100% clearance. This class of time provides a higher make-good priority than the "pre-emptible without notice" class of time. In high demand programs and time periods, it is likely that levels of preemption will be much greater, including the possibility that spots will not air.

**Pre-emptible without notice:**

Ads are scheduled to air at the station's discretion in the particular program, time period, daypart, or day specified by the advertiser. These ads may be pre-empted without notice in favor of other ads purchased in a higher class of time.

A small percentage of advertisers use this class of time. It is estimated that clearance in this class of time will be between 50%-75%. In high demand programs and time periods, it is likely that few spots will air with pre-emption likely well over 50%. Make-goods may or may not be offered. This class of time provides a lower make-good priority than "pre-emptible with notice" class. Rates for this class of time are available on request.

**Direct Response**

The station also accepts "direct response" spots. These spots are immediately pre-emptible and only available if inventory goes unsold to all other classes of time. No make goods are available and station will sometimes decline these spots and add more non-commercial content to the broadcast.

**Package Plans:**

Ads are scheduled to air as part of a broader promotional package that airs for several weeks for a specified event and or holiday. Examples include "Father's Day package" and "Fourth of July". More information on rates and availability available on request.

Policies contained in this Disclosure Statement are subject to change without notice in our discretion due to programming or format changes, or to conform to rules, policies, or guidelines set forth by the FCC.