

NETWORK AFFILIATION AGREEMENT

This NETWORK AFFILIATION AGREEMENT (this "Agreement"), dated as of July 1, 2010, is entered into by and between Community Broadcasting, Inc., a Delaware not-for-profit corporation ("Community"); Bott Communications, Inc., a Delaware corporation ("BCI"); Bott Broadcasting Company, a Delaware corporation ("BBC"); Bott Broadcasting Company/Tennessee, Inc., a Tennessee corporation ("BBT"); and Richard P. Bott, II ("RPB" and together with Community, BCI, BBC and BBT, the "Affiliates"); and Bott Radio Network, Inc., a Kansas not-for-profit corporation ("BRN").

WHEREAS, the Affiliates hold licenses and other authorizations issued by the Federal Communications Commission (the "FCC") for the noncommercial and commercial radio stations listed in Schedule 1 (the "Stations");

WHEREAS, BRN acquires, produces and packages noncommercial, educational radio station programs (the "Programs"), underwriting announcements (the "Announcements") and commercial matter (the "Commercials," and together with the Programs and Announcements, the "Programming") and delivers such Programming to the Affiliates for broadcast on the Stations;

WHEREAS, Community, whose Stations are for the most part licensed by the FCC for noncommercial operations exclusively, will broadcast only that portion of the Programming which is of a noncommercial nature under applicable FCC rules, regulations and policies; and

WHEREAS, the Stations owned and operated BCI, BBC, BBT and RPB and some of the Stations owned and operated by Community are licensed for commercial operations by the FCC and will broadcast both commercial and noncommercial Programming provided by BRN;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Establishment of Network-Affiliate Relationship.**

1.1 **Termination of Previous Arrangements.** All previous agreements or arrangements, whether or not in writing, among the parties pertaining to the subject matter hereof are hereby terminated and superseded by this Agreement. The parties will, as of the Commencement Date (defined below), complete an accounting of all money owed and, to the extent immediately ascertainable, all money that the parties may be obligated to pay under any previous such agreement or arrangement. Any balance owed as of the Commencement Date shall be paid in cash as of that date. Within ninety (90) days thereafter, there shall be a final reconciliation and payment of any balances owing to any party after such final reconciliation.

1.2 **BRN Network Programming.** As of the Commencement Date, BRN will deliver the Programming to each of the Stations. Subject to the provisions of Section 1.1, the selection, scheduling, substitution and withdrawal of any of the Programming or portion thereof, shall at all times remain within BRN's sole discretion and control. Notwithstanding the

foregoing, it is agreed and understood that no Commercial or commercial Program shall be broadcast by CBI's noncommercially licensed Stations. The Affiliates may broadcast the Programming only: (a) as scheduled by BRN; (b) over the Stations' facilities in the communities specified in the Stations' respective FCC authorizations, or over translator stations authorized by the FCC to rebroadcast the signal of any Station; (c) by free over-the-air radio transmissions; or (d) by streaming one or more of the Stations' programs over the Internet, provided (i) the Internet service provider used for streaming purposes is reasonably acceptable to BRN, and (ii) all copyright royalties incurred as a result of such streaming are initially paid by the Affiliate and are reasonably acceptable to BRN. BRN will make available the Programming for up to twenty-four (24) hours a day, seven (7) days a week, except for: (x) the broadcast of Commercials initiated by an Affiliate, which BRN agrees shall be broadcast on the schedule provided for in the Affiliate's commercial contract; and (y) the broadcast of the Affiliates' public service programming as provided for in Section 11.1 of this Agreement.

2. **Delivery.** At its own expense, BRN will transmit the Programming to the Stations by satellite or, with respect to locally-oriented Programming, by producing such material at its own studios or at one or more of the Affiliates' studios. The Affiliates agree to make available to BRN such studio facilities as may exist for the production of such local material.

3. **Network Compensation to Affiliate.** In return for making time available for broadcast of the Programming, BRN will compensate the Affiliates as provided in Schedule 2.

4. **Term.** This Agreement shall commence at 12:01 p.m. local time on **July 1, 2010** (the "Commencement Date"). Unless earlier terminated under the terms of this Agreement, the Term of this Agreement shall end at 11:59 p.m. local time on the fifth (5th) anniversary of the Commencement Date. At the conclusion of the Term, and each successive Term, this Agreement shall be automatically renewed for an additional five (5)-year Term unless sixty (60) or more days prior to the last day of the Term one or more of the Affiliates or BRN notifies the other parties in writing of its withdrawal from or, in the case of BRN, its termination of this Agreement. Should one or more of the Affiliates notify BRN of its withdrawal under this Section 4, the other Affiliates will remain bound by the terms of this Agreement for the successive Term.

5. **The Programming.** Subject to the limitations provided for in Section 11.1 or Schedule 4, the Affiliates agree to clear for broadcast the programming provided by BRN for up to 24 hours a day, seven (7) days a week. The nature of the Programming is described in Schedule 3. The Affiliates acknowledge that they are familiar with the nature of the Programming and have affirmatively determined that the broadcasting of such Programming on the Stations will serve the public interest.

6. **Station Facilities.**

6.1 **Operation of the Stations.** Throughout the term of this Agreement, the Stations will operate with the maximum facilities as authorized by the FCC for up to 24 hours a day, seven (7) days a week, except during downtime occasioned by routine maintenance, which

will be performed between the hours of 12:00 midnight and 6:00 a.m. local time. Any maintenance work affecting the operation of a Station at full power shall be scheduled upon at least 48 hours prior notice to BRN.

6.2 **Interruption of Normal Operations.** If a Station suffers loss or damage of any nature to its transmission facilities which results in the interruption of service or the inability of the Station to operate with its maximum authorized facilities, the Affiliate shall immediately notify BRN, and shall undertake such repairs as necessary to restore the full-time operation of the Station with its maximum authorized facilities as quickly as reasonably practicable, but in no event more than seven (7) days from the occurrence of such loss or damage. If the Station is incapable of operating with its maximum facilities, the compensation payable to the Affiliate under Schedule 2 shall be abated during such periods. Such abatement shall be calculated on a per diem basis at a rate equal to 1/30 (one thirtieth) of the monthly amount due under Schedule 2 for each day the Station is incapable of operating with its maximum facilities for six (6) or more hours.

7. **Handling of Mail.** BRN shall provide to the Affiliates the original or a copy of any correspondence, including electronic mail, which it receives from a member of the public relating to the Programming to enable the Affiliate to comply with FCC rules and policies, including those regarding the maintenance of their public inspection files.

8. **Programming Standards.** All programs supplied by BRN shall be in good taste and shall meet in all material respects all requirements of the Communications Act of 1934 and all applicable rules, regulations and policies of the FCC and the Affiliates' program policies as described in Schedule 4. All Commercials and Announcements shall comply with all applicable federal, state and local regulations.

9. **Responsibility for Employees, Operations and Related Expenses.**

9.1 **BRN Employees.** BRN shall be responsible for the salaries, taxes, benefits or other costs for all personnel who work at BRN headquarters or at the Stations in the production of the Programming.

9.2 **Affiliate Employees.** The Affiliates will provide and have responsibility for supervision of the personnel who operate the equipment necessary for the transmission of the Stations' broadcast signals and who maintain the Stations' equipment and facilities, and will assure compliance with all legal requirements, including the staffing requirements for main studio facilities, imposed under the rules and regulations of the FCC.

9.3 **Operational Relationship of the Parties.** BRN and its employees shall have no duties or responsibilities at the Stations other than as the provider of the Programming. However, BRN's employees shall have control with respect to the production and delivery of the Programming, subject to Section 11.1 and Schedule 4.

10. **Advertising/Underwriting and Programming Revenues.** BRN shall retain all revenues from the sale of Commercials, Announcements and Programs included in BRN-delivered or produced programming broadcast on the Stations.

11. **Additional Operational Matters**

11.1 **Control.** Subject to Section 9.3, the Affiliates shall maintain full authority and control over the operation of the Stations' programming, finances and personnel during the Term or any extension thereof. The Affiliates shall provide and pay for the salaries and benefits of their own employees, shall be responsible for the direction of the day-to-day operation of the Stations, and shall maintain the Stations' studios and transmission facilities. Subject to the notice and credit requirements set forth in Section 12, the Affiliates have the rights (a) to decide, within their reasonable discretion, but not for the purpose of gaining an unfair business advantage, whether to reject any programming or advertisements delivered for broadcast by BRN which the Affiliate deems unsuitable or contrary to the public interest; (b) to preempt any Programming in order to broadcast programs deemed by an Affiliate to be of greater national, regional, or local interest; (c) to broadcast programs locally produced by an Affiliate for at least two (2) hours per week at times mutually agreeable to the parties, and (d) to take any other actions necessary for compliance with the laws of the United States, state law, or the rules, regulations, and policies of the FCC. The Affiliates may produce and broadcast their own public service programming and PSAs at mutually agreeable times within BRN's schedule. With respect to the operation of the Stations, the Affiliates shall at all times be solely responsible for meeting the FCC's standards with respect to broadcast indecency and political broadcasting. If, in the judgment of an Affiliate, any portion of the Programming does not meet such FCC standards or the Program Standards included in Schedule 4, such Affiliate may suspend or cancel any such Programming.

11.2 **Other Obligations of BRN.** BRN will forward to the Affiliate within 24 hours of receipt, any correspondence, including electronic mail, from a member of the general public addressing a Station's programming or documentation which comes into its custody which is required to be included in a Station's public file or which is reasonably requested by an Affiliate. BRN shall furnish within the Programming all station identification and sponsor identification announcements required by the FCC rules, and shall, upon request by an Affiliate, provide monthly documentation with respect to such of the Programming which is responsive to the needs and interests of the area served by a Station in order to assist the Affiliates in the preparation of issues and programs reports, and will provide upon request other information to enable the Affiliates to prepare other records, reports and logs required by the FCC or reports required by other local, state or federal agencies.

12. **Preempted Time—Notice and Credit.** In the event of program rejections, substitutions or preemptions of BRN's network programs by the Affiliate under Section 11.1 above, the preempting Affiliate will use its best efforts to give BRN at least three (3) days' advance notice of its intention to preempt programming, and, in the event of such preemption, BRN shall receive a payment credit for any programming which would have been supplied by it during the affected times. The two (2) hours per week reserved for the presentation of

programming locally produced by Affiliate as provided in Section 11.1(c), if used by one or more of the Affiliates, shall not be subject to the payment credit arrangement described in this section.

13. **Right to Use the Programming.** Except as provided otherwise in this Agreement, all rights to the Programming and to authorize its use in any manner and in any media whatsoever shall be at all times vested solely in BRN.

14. **Payola.** BRN will provide to its Affiliates in advance of broadcast any information known to BRN regarding any money or other consideration which has been paid or accepted, or has been promised to be paid or accepted, for the inclusion of any matter as part of the Programming, unless the party making or accepting such payment is identified in the Programming as having paid for or furnished such consideration in accordance with FCC requirements. Should an Affiliate determine that an announcement is required by Section 317 of the Communications Act of 1934 and related FCC rules, BRN will insert that announcement in the Programming. BRN will obtain from its employees responsible for the Programming appropriate anti-payola/plugola affidavits. Commercial matter with obvious sponsorship identification will not require disclosure beyond the sponsorship identification contained in the commercial copy. BRN will at all times comply, and seek to have its employees comply, in all material respects with the requirements of Sections 317 and 507 of the Communications Act of 1934, as amended, and the related rules and regulations of the FCC.

15. **Compliance with Other Laws.** BRN will comply in all material respects with all other rules, regulations and laws applicable to broadcast programming standards, including those dealing with political broadcasting and indecency.

16. **Indemnification: Rights of the Affiliate.** BRN indemnifies and holds harmless the Affiliates, their officers, directors and employees from and against all liability for libel, slander, illegal competition or trade practice, violation of rights of privacy, and infringement of copyrights or other proprietary rights and violations of the Communications Act of 1934 or FCC rules resulting from the broadcast of Programming. Such indemnification shall apply to any and all claims, damages, liability, forfeitures, costs and expenses, including reasonable attorneys' fees, and shall survive the termination of this Agreement.

17. **Events of Default: Cure Periods and Remedies.**

17.1 **Events of Default.** The following shall constitute Events of Default under this Agreement:

17.1.1. **Non-Payment.** BRN shall be in default under this Agreement if it fails to pay, within five (5) business days of the date when due, the fees payable in accordance with Schedule 2 to this Agreement and such failure is not cured within ten (10) days of BRN's receipt of notice of default. Any fees owed by BRN for which payment is not made when due shall bear interest on the unpaid balance at the rate of twelve percent (12%) per annum simple interest beginning on the original due date until paid in full.

17.1.2. **Default In Covenants or Adverse Legal Action.** A party will be in default under this Agreement if such party fails to perform any material covenant, condition or undertaking contained in this Agreement and such default is not cured within 30 days after receipt of notice of default; or if either party shall make a general assignment for the benefit of creditors, files or has filed against it a petition for bankruptcy, for reorganization, 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 30 days thereafter.

17.1.3. **Breach of Representations or Warranties.** A party will be deemed in default under this Agreement if any material representation or warranty made by such party in this Agreement, or in any certificate or document furnished by either party to the other pursuant to the provisions of this Agreement, shall prove to have been false or misleading in any material respect as of the time made or furnished, and such misrepresentation or breach of warranty is not cured within thirty (30) days after receipt of notice of misrepresentation or breach.

17.2. **Termination Upon Default.** Upon the occurrence of an Event of Default, the non-defaulting party may terminate this Agreement, provided that it is not also in material default under this Agreement. If BRN has defaulted in the performance of its obligations, all amounts accrued or payable to the Affiliates up to the date of termination which have not been paid, less payments made on behalf of the Affiliates by BRN and any payment credits outstanding in favor of BRN, shall immediately become due and payable, and the Affiliates shall be under no further obligation to broadcast the Programming or to make its studio facilities available to BRN, provided, however, the Affiliates agree to cooperate reasonably with BRN to discharge in exchange for reasonable compensation any remaining Programming of BRN following the effective date of termination.

18. **BRN's Option to Terminate.** BRN shall have the right, at its option, to terminate this Agreement with respect to any Affiliate at any time if the Affiliate rejects, preempts or substitutes other programming for that supplied by BRN during ten percent (10%) or more of the total hours of operation of a Station in any seven (7) consecutive days. BRN shall give the Affiliate fifteen (15) days' written notice of such termination.

19. **Voluntary Termination.** This Agreement may be terminated by mutual written agreement by both parties. Pursuant to Section 4, this Agreement may be terminated (a) by BRN or, (b) as to a withdrawing Affiliate, by one or more such Affiliates.

20. **Termination Upon Order of Judicial or Governmental Authority.** If any court of competent jurisdiction or any federal, state or local governmental authority, including, but not limited to the FCC or the Internal Revenue Service, issues an adverse finding or order concerning operations under this Agreement, or the tax implications thereof, or orders the termination of this Agreement or the curtailment in any manner material to the relationship between the parties to this Agreement, BRN shall have the option to seek administrative or judicial appeal of or relief from such ruling or order (in which event the Affiliates shall cooperate with BRN provided that BRN shall be responsible for legal fees incurred in such proceedings) or

BRN shall notify the Affiliates that the Agreement will be terminated in accordance with such ruling or order. Upon termination following such governmental ruling or order, BRN shall pay to the Affiliates any fees due but unpaid as of the date of termination as may be permitted by such ruling or order, and the Affiliates shall reasonably cooperate with BRN to the extent permitted to enable BRN to fulfill advertising or other Programming contracts then outstanding. Thereafter, neither party shall have any liability to the other.

21. **Liabilities Upon Termination.** BRN shall be responsible for all of its liabilities, debts and obligations accrued from the broadcast of programs on the Stations, including, without limitation, indemnification pursuant to Section 16 hereof, accounts payable, barter agreements and unaired Announcements or Commercials, but not for any other obligations or liabilities of the Affiliates or the Stations unless specifically assumed by BRN under this Agreement. Upon termination, BRN shall return to the Affiliates any equipment or property of their respective Stations used by BRN, its employees or agents, in substantially the same condition as such equipment existed on the date of this Agreement, ordinary wear and tear excepted, provided that BRN shall have no liability to the Affiliates for any property of the Affiliates which through ordinary use became obsolete or unusable, and any equipment purchased by BRN, whether or not a replacement of any obsolete or unusable equipment of an Affiliate, shall remain the property of BRN.

22. **Representations and Warranties.**

22.1. **Mutual Representations and Warranties.** Each of the Affiliates and BRN represent to the other that (a) it is an entity legally qualified to do business and is in good standing in all applicable jurisdictions where it conducts business, and is in good standing in its state of incorporation, (b) it is fully qualified, empowered, and able to enter into this Agreement, (c) this Agreement has been approved by all necessary corporate action and constitutes the valid and binding obligation of such party, enforceable in accordance with the terms of this Agreement subject only to applicable bankruptcy, reorganization, insolvency or similar laws affecting creditors' rights generally; and (d) the execution, delivery and performance hereof does not constitute a breach or violation of any agreement, contract or other obligation to which such party is subject or by which it is bound.

22.2. **Representations, Warranties and Covenants of the Affiliates.** The Affiliates make the following additional representations, warranties and covenants:

22.2.1. **Authorizations.** The Affiliates own and hold all licenses and other permits and authorizations necessary for the operation of their respective Stations including licenses, permits and authorizations issued by the FCC, and such licenses, permits and authorizations will be maintained in full force and effect during the Term or any extension hereof unimpaired by any acts or omissions of the Affiliate, its principals, employees or agents. There is not now pending or, to any of the Affiliates' best knowledge, threatened, any action by the FCC or other party to revoke, cancel, suspend, refuse to renew or modify adversely any of such licenses, permits or authorizations, and, to each of the Affiliates' best knowledge, no event has occurred that allows or, after notice or lapse of time or both, would allow, the revocation or

termination of such licenses, permits or authorizations or the imposition of any restriction thereon of such a nature that may limit the operation of the Station as presently conducted. None of the Affiliates has reason to believe that any such license, permit or authorization will not be renewed in its ordinary course. To the best of each Affiliate's knowledge, such Affiliate is not in violation of any statute, ordinance, rule, regulation, order or decree of any federal, state, local or foreign governmental agency, court or authority having jurisdiction over it or over any part of its operations or assets, which default or violation would have an adverse effect on such Affiliate or its assets or on its ability to perform this Agreement.

22.2.2. **Filings**. All material reports and applications required to be filed with the FCC (including ownership reports and renewal applications) or any other governmental agency, department or body in respect of the Stations have been, and in the future will be, filed in a timely manner and are and will be true and complete and accurately present the information contained therein. All such reports and documents, to the extent required to be kept in the public inspection files of the Stations, are and will be kept in such files.

22.2.3. **Facilities**. The Stations' studio and transmission equipment and facilities comply and will be operated, in all material respects, in accordance with the maximum powers permitted by the FCC authorizations for the Stations and with engineering standards necessary to deliver a quality technical signal to the area served by the Stations, and with all applicable laws and regulations (including the requirements of the Communications Act and the rules, regulations, policies and procedures of the FCC promulgated thereunder).

22.2.4. **Title to Properties**. Each Affiliate has, and throughout the Term and any extension hereof, will maintain, good and marketable title to all of the assets and properties used in the operation of the Stations.

22.2.5. **Payment of Obligations**. Each Affiliate shall pay in a timely fashion all of its debts, assessments and obligations, including without limitation tax liabilities and payments attributable to the operations of the Stations, as they come due from and after the effective date of this Agreement.

22.2.6. **Insurance**. The Affiliates will maintain in full force and effect throughout the Term and any extension hereof insurance with responsible and reputable insurance companies providing fire and extended coverage and liability insurance in amounts customary in the broadcast industry and in the communities where the Stations are located. Except as otherwise permitted by a purchase agreement, any insurance proceeds received by an Affiliate in respect of damaged property will be used to repair or replace such property so that the operations of the damaged Station conform to this Agreement.

23. **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.

24. **No Waiver; Remedies Cumulative.** No failure or delay on the part of an Affiliate or BRN 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 remedy which either may otherwise have.

25. **Construction and Venue.** This Agreement shall be construed in accordance with the laws of the State of Kansas. The obligations of the parties to this Agreement are subject to all federal, state or local laws or regulations, including those of the FCC, now or hereafter in force. Any legal action under this agreement shall be brought in the Federal or state courts with jurisdiction in Overland Park, Kansas.

26. **Headings.** The headings contained in this Agreement are included for convenience only and shall not in any way alter the meaning of any provision.

27. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. However, neither party may assign this Agreement or any right or obligation hereunder without the express written consent of the other party.

28. **Counterpart Signatures.** This Agreement may be signed in one or more counterparts, each of which shall be deemed a duplicate original and be binding on the parties to this Agreement.

29. **Notices.** Any notice required hereunder shall be in writing and shall be sufficiently given if delivered by overnight delivery service or sent by registered or certified mail, first class postage prepaid, or by telegram, facsimile machine or similar means of communication, addressed as follows:

If to BRN, to:

Bott Radio Network, Inc.
10550 Barkley
Overland Park, Kansas 66212
Facsimile: 913-648-3594
Attention: Thomas J. Holdeman, Chief Financial Officer

If to the Affiliates, to:

Community Broadcasting, Inc.
Bott Communications, Inc.
Bott Broadcasting Company
Bott Broadcasting Company/Tennessee

[Affiliates, continued]

Richard P. Bott, II
10550 Barkley
Overland Park, Kansas 66212
Facsimile: 913-642-1319
Attention: Richard P. Bott, II

30. **Entire Agreement.** This Agreement embodies the entire agreement between the parties and there are no other agreements, representations, warranties, or understandings, oral or written, between them with respect to the subject matter hereof.

31. **Severability.** The event that any of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

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

BOTT RADIO NETWORK, INC.

By: *Sherley Bott*
Its: *Secretary/Treasurer*

COMMUNITY BROADCASTING, INC.

By: *Richard Bott*
Its: *Vice President*

BOTT COMMUNICATIONS, INC.

By: *Richard Bott*
Its: *Vice President*

BOTT BROADCASTING COMPANY

By: 
Its: Vice President

BOTT BROADCASTING
COMPANY/TENNESSEE

By: 
Its: Vice President

RICHARD P. BOTT, II

By: 
Richard P. Bott, II

Schedule 2

MONTHLY FEES

1. **Reimbursements**. Each Affiliate shall be paid a monthly fee equal to the reasonable and demonstrated expenses attributable to the operation of the Stations it owns, operates or is developing during the previous month, including but not limited to:

- rents due under leases for studio, transmitter site or tower space
- music licensing fees
- copyright royalty fees
- FCC annual regulatory and application fees
- utilities (electricity, heating, telephone, Internet, water/sewer)
- real estate costs (property taxes, assessments, title insurance)
- insurance premiums (casualty, fire, liability, workman's compensation, libel/slander)
- equipment repairs and maintenance, and equipment replacements costing \$1,000 or less
- payments of principal and interest on capital investments in new Stations, facilities or real estate
- professional fees (legal, accounting and engineering)
- salaries, benefits and other costs related to Affiliate employees
- other miscellaneous operating costs

Affiliates will present to BRN by the tenth (10th) day of each month, or the first business day thereafter, evidence of the expenditures for which it seeks reimbursement (receipts, invoices and the like), except to the extent such information is readily available to BRN from the books and records of the Affiliates. Such payments are subject to adjustment under Sections 6.2 and 12 of the Agreement.

2. **Treatment of Affiliate Revenue**. Any revenue received by Affiliates in connection with their separate sale of Commercials, Announcements or program time shall be reported to BRN monthly and will be deducted from the reimbursement amounts paid pursuant to paragraph 1 of this schedule. The Affiliates shall not be entitled to any financial credit under this paragraph

for revenue generated by BRN in connection with its sale of Commercials, Announcements or Programs for presentation on an individual Station rather than the network.

3. **Time and Form of Payments.** Reimbursement payments provided for under paragraph 1 of this schedule will be made as of the twentieth (20th) day of each month, or the first business day thereafter. Such payments may be made either in cash or, if such books and records are available to BRN, through entries on the books and records of BRN and the Affiliates. BRN will provide a monthly accounting to each Affiliate of all reimbursement payments, including deductions attributable to Affiliate-generated revenue.

4. **True-Ups.** Within 30 days after the end of each quarter (*i.e.*, on each April 30, July 31, October 31, and January 31, or the next business day thereafter), BRN will review the books and records of itself and, if available, the Affiliates for the previous quarter and adjust its monthly reimbursement figures as may be necessary to correctly attribute all Affiliate expenses and revenues as provided in this schedule.

Schedule 3

NATURE OF PROGRAM SERVICE

BRN will provide network programming primarily of a religious nature consisting of educational, instructional and inspirational material. The programming provided by BRN may include commercial advertising or underwriting announcements, as well as music and news. Commercial advertising or program material will be distributed only to Affiliate Stations which are licensed by the FCC to operate commercially.

Schedule 4

PROGRAM POLICIES

BRN agrees to cooperate with the Affiliates in the distribution of programs and announcements which have content consistent with the program standards of the Affiliates as set forth below:

1. **Election Procedures.** At least 90 days before the start of any primary or regular election campaign, BRN will coordinate with the managers of each commercially-operated Affiliate Station the rate BRN will charge for time to be sold to candidates for public office and/or their supporters to make certain that the rate charged conforms to all applicable laws and Station policy. All political advertising will be consistent with the individual Station's political disclosure statement and lowest-unit rate requirements. Throughout a campaign, BRN will comply with all applicable laws and rules concerning political candidacy broadcasts and will promptly notify the Affiliate's Station Manager of any disputes concerning political broadcasts. No political advertising or programming will be distributed for broadcast to Stations which are licensed for noncommercial operations.
2. **Required Announcements.** BRN shall broadcast (a) an announcement in form satisfactory to the Affiliates at the beginning of each hour to identify each Station as required by FCC rules, and (b) any other announcement that may be required by law, regulation, or Station policy.
3. **Commercial Record Keeping.** BRN shall maintain such records of the receipt of, and provide such disclosure to the Affiliate 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 any Station.
5. **Affiliate Discretion Paramount.** In accordance with the Affiliates' responsibilities under the Communications Act of 1934, as amended, and the rules and regulations of the FCC, the Affiliates, pursuant to Section 11.1 of the Agreement, reserve the right to reject or terminate any advertising or other programming proposed to be presented or being presented over the Station which is in conflict with law, regulation, Station policy or which in the reasonable judgment of the Affiliate would not serve the public interest.

6. **Indecency; Hoaxes.** No programming which violates applicable laws and rules concerning indecency or hoaxes will be broadcast over the Stations.

7. **Controversial Issues.** Any broadcast over the Stations concerning controversial issues of public importance shall comply with the then current FCC rules and policies.

8. **Commercial Announcements or Noncommercial Underwriting.** BRN will provide for inclusion in each Station's logs a list of all commercial or noncommercial underwriting announcements, including specific identifications of each sponsor or underwriter whose message is included in BRN network programming.

The Affiliates may waive any of the foregoing standards if good broadcasting in the public interest will be served thereby. In any case where questions of policy or interpretation arise, BRN shall notify the Affiliates before making any commitment to broadcast any program that may be subject to the above standards, and with respect to whether the material is to be broadcast on any Station, the judgment of the Affiliate will control.