

11-05-2002

Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings



102270848

U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): CCM Communications, Inc. 9. 23. 12
Individual(s) Association
General Partnership Limited Partnership
[X] Corporation-State
Other
Tennessee
Additional name(s) of conveying party(ies) attached? [X] Yes [] No

2. Name and address of receiving party(ies)
Name: See 1 in Addendum
Internal Address:
Street Address:
City: State: Zip:
Individual(s) citizenship
Association
General Partnership
Limited Partnership
Corporation-State
Other
If assignee is not domiciled in the United States, a domestic representative designation is attached: [] Yes [] No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? [] Yes [X] No

3. Nature of conveyance:
[X] Assignment Merger
[] Security Agreement Change of Name
[] Other
Execution Date: October 26, 2001

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
B. Trademark Registration No.(s)
2542064
Additional number(s) attached [] Yes [] No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Sandra Poteat Thompson
Internal Address: Rutan & Tucker, LLP
P.O. Box 1950
Costa Mesa CA 92626
Street Address: 611 Anton Blvd., 14th Floor
City: Costa Mesa State: CA Zip: 92626

6. Total number of applications and registrations involved: 1
7. Total fee (37 CFR 3.41) \$ 90.00
Enclosed
[X] Authorized to be charged to deposit account
8. Deposit account number:
502191
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.
Sandra Poteat Thompson Name of Person Signing
Sandra Thompson Signature
9/10/2002 Date
Total number of pages including cover sheet, attachments, and document: 3

11/04/2002 JJALLAN2 00000014 2542064
01 FC:8521 40.00 DP

Mail documents to be recorded with required cover sheet information to Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

TRADEMARK REEL: 2610 FRAME: 0598

Refund Ref: 11/04/2002 JJALLAN2 000012217E

CHECK Refund Total

K

Attachment for Recordation Form Cover Sheet
Trademarks Only (Form PTO-1594)

1.
 - a. Worship Leader, LLC
 - b. 31781 Camino Capistrano
 - c. Suite 303
 - d. San Juan Capistrano
 - e. CA
 - f. 92675
 - g. X
 - h.
 - i.
 - j.
 - k.
 - l. Californian Limited Liability Corporation
 - m.
 - n.

Continuation of Item 1. Additional Name(s) of Conveying Party(ies)

2. , Corporation

**GENERAL PARTNERSHIP INTEREST
PURCHASE AGREEMENT**

by and among

**WORSHIP LEADER, LLC
(as "Purchaser")**

**CCM COMMUNICATIONS, INC.
(as "Seller")**

**SALEM COMMUNICATIONS CORPORATION
(as "Parent")**

**THE WORSHIP LEADER PARTNERSHIP
(as "Company")**

**MISSION TOWN PRODUCTIONS, LLC
(as "Mission Town")**

AND

**CHARLES FROMM
(as "Guarantor")**

OCTOBER 26, 2001

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GENERAL PARTNERSHIP INTEREST PURCHASE AGREEMENT

THIS GENERAL PARTNERSHIP INTEREST PURCHASE AGREEMENT ("Agreement") is entered into as of this 26th day of October 2001, by and among Worship Leader, LLC, a California limited liability company ("Purchaser"), CCM Communications, Inc., a Tennessee corporation ("Seller"), and The Worship Leader Partnership, a Tennessee general partnership (the "Company"). In addition, Mission Town Productions, LLC, a California limited liability company ("Mission Town"), is also a party hereto solely for purposes of Section 7.2 and Section 7.5, and Charles Fromm, an individual ("Guarantor"), is a party hereto solely for purposes of Sections 1.5, 5.5 and 7.2, and Salem Communications Corporation, a Delaware corporation and owner of 100% of the capital stock of Seller ("Parent"), is a party hereto solely for purposes of Sections 2.3, 4, 6, 7.2 and 7.6. Parent and Seller are collectively referred to herein as the "Selling Parties."

RECITALS

A. The Company was formed pursuant to a General Partnership Agreement (the "Partnership Agreement"), dated August 28, 1992, by and between Seller and The Corinthian Group, a California corporation ("Corinthian"), and a Statement of Partnership filed in accordance therewith. Seller and Corinthian originally were each 50% owners of the Company.

B. Mission Town purchased Corinthian's 50% partnership interest in the Company pursuant to that certain Exercise of Option, dated October 2, 2001 and effective as of October 5, 2001.

C. As of the date of this Agreement, Seller and Mission Town are the registered and beneficial owners of 100% of the general partnership interests of the Company, each owning a 50% general partnership interest.

D. Guarantor is the registered and beneficial owner of 100% of the shares representing membership interests of Purchaser.

E. Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, Seller's 50% general partnership interest in the Company (the "Partnership Interest") on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, the parties to this Agreement agree as follows:

1. PURCHASE AND SALE OF SHARES.

1.1 **Purchase and Sale.** Subject to the terms and conditions set forth herein, at the Closing (as defined in Section 5), Seller shall transfer, convey, assign and deliver the Partnership Interest to Purchaser, and Purchaser shall acquire, purchase and accept the Partnership Interest from Seller.

1.2 **Purchase Price.** The purchase price for the Partnership Interest is \$460,000 (the "**Purchase Price**"), and shall be payable to Seller as follows: \$200,000 at the Closing and \$260,000 pursuant to a promissory note (the "**Note**") in the form of **Exhibit A** attached hereto and incorporated herein.

1.3 **Payment of Purchase Price.** The Purchase Price shall be paid by Purchaser to Seller at the Closing by delivery of the following:

(a) A certified or bank cashier's check, payable to Seller, or wire transfer to a bank account designated by Seller, in the amount of \$200,000; and

(b) The Note.

1.4 **Collateral for Note.** As security for Purchaser's satisfaction of its obligations under the Note, Purchaser shall pledge the Partnership Interest purchased by it hereunder to Seller, pursuant to that certain Pledge Agreement attached to the Note and incorporated therein by reference.

1.5 **Guaranty of Note.** As additional security for Purchaser's satisfaction of its obligations under the Note and this Agreement, Guarantor shall guarantee Purchaser's satisfaction of its obligations under the Note and this Agreement, pursuant to that certain Guaranty attached hereto as **Exhibit B** (the "**Guaranty**")

2. REPRESENTATIONS AND WARRANTIES OF THE SELLER.

Except as set forth in a schedule dated the date of this Agreement and delivered by Seller to Purchaser concurrently herewith ("**Disclosure Schedule**") specifically identifying the Section of this Agreement requiring the delivery of such disclosure, Seller represents and warrants to Purchaser as set forth below, and Parent represents and warrants to Purchaser solely as set forth in **Section 2.3** below. In this Agreement, any reference to any event, change or effect being "material" with respect to any entity or group of entities means any material event, change or effect related to the condition (financial or otherwise), properties, assets, liabilities, businesses, operations, results of operations or prospects of such entity or group of entities taken as a whole. In this Agreement, the term "Material Adverse Effect" used in connection with a party or any of that party's subsidiaries means any event, change or effect that is materially adverse to the condition (financial or otherwise), properties, assets, liabilities, businesses, operations, results of operations or prospects of that party and its subsidiaries, taken as a whole; provided, however, that a Material Adverse Effect shall not include any adverse effect resulting from general economic conditions.

2.1 **Organization; Good Standing; Qualification and Power.** The Company is a general partnership duly organized, validly existing and in good standing under the laws of the State of Tennessee, has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, and is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes qualification necessary, other than in jurisdictions where the failure to qualify would not have a Material Adverse Effect. The Company has no subsidiaries. Seller has made available to Purchaser or its counsel complete and correct copies of the

(xii) The tax bases of the assets of the Company for purposes of determining future amortization, depreciation, and other federal income tax deductions are accurately reflected on the tax books and records of the Company.

2.13 **Intellectual Property**. Except as set forth in the Disclosure Schedule:

(a) The Company makes, uses and sells goods and services, as necessary or required for the production, circulation or distribution of Song Discovery;

(b) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not constitute a material breach of any instrument or agreement governing any right the Company has to make, use and sell goods and services, as necessary or required for the production, circulation or distribution of Song Discovery, as presently conducted by the Company (such rights being referred to herein as the "Company IP Rights"), will not cause the forfeiture or termination or give rise to a right of forfeiture or termination of any Company IP Right or materially impair the right of the Company or Purchaser to use, sell or license any Company IP Right or portion thereof (except where the breach, forfeiture or termination would not have a Material Adverse Effect);

(c) Neither the production, circulation, distribution, marketing, license, sale or current use of Song Discovery violates any license or agreement between the Company and any third party; and there is no pending or, to the best knowledge of Seller, threatened claim or litigation contesting the validity, ownership or right to use, sell, license or dispose of any Company IP Right, nor has Seller received any written notice asserting that any Company IP Right or the proposed use, sale, license or disposition thereof conflicts or will conflict with the rights of any other party; and

(d) No current or prior officer, employee or consultant of the Company or the Selling Parties has claimed, or to the best knowledge of Seller, has threatened to make a claim of an ownership interest in any Company IP Rights as a result of having been involved in the development of that property while employed by or consulting to the Company, or otherwise.

2.14 **Fees and Expenses**. The Company has not paid or become obligated to pay any fee or commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

2.15 **Restrictions on Business Activities**. There are no material agreements, judgments, injunctions, orders or decrees binding upon the Company that has or could reasonably be expected to have the effect of prohibiting or materially impairing any business practice of the Company, any acquisition of property by the Company or the conduct of business by the Company as currently conducted.

2.16 **Accounts Receivable**. The Seller has delivered to Purchaser a listing of each of the accounts receivable of the Company existing as of the Closing Date (the "A/R List") and evidenced by the Closing Balance Sheet. The A/R List indicates the dates each account receivable first became due and receivable, the amount thereof and the contact person for collection of such account receivable. The accounts receivable shown on the A/R List and the Closing Balance Sheet, except for the account receivable representing amounts owed by

interest in the Name that conflicts with the Mission Town's ownership interest in the Name. Further, the parties acknowledge and agree that the Company owns, free and clear of all liens, claims, encumbrances, restrictions or rights of others of every kind and description, all right, title and interest in and to:

(a) the subscriber lists for the Magazine and Song Discovery; and

(b) any copyrights, service marks, trademarks, trademark and service mark applications, trade names (including, without limitation, common law trade name rights), trade secrets, patents, patent applications, domain names, web sites and related infrastructure or any other intellectual property rights related to the Magazine (other than the Name) and Song Discovery, if any, except as described on the Disclosure Schedule.

Contemporaneously with the Closing, or as is reasonably requested by a party hereto after the Closing, the parties shall execute and deliver such agreements, instruments or other documents necessary to transfer such assets to Mission Town or the Company, as the case may be, free and clear of all liens, claims, encumbrances, restrictions or rights of others of every kind and description.

7.3 Transfer of Intellectual Property Rights to Song Discovery.

Contemporaneously with the Closing of this Agreement, Seller shall transfer to the Company all of Seller's right, title and interest in and to the trademark application for the name "Song Discovery," including, without limitation, the U.S. Trademark Registration Application Serial No. 75/585,507, and any registrations thereof, as well as all prior correspondence between Seller or its representatives and the Patent and Trademark Office.

7.4 Cooperation in Audit. Seller shall cooperate fully with Purchaser after the date hereof to provide the documentation or other information Purchaser needs to audit the entries on the Company's financial statements and to determine if the representations and warranties made in this Agreement, including, without limitation, those in Section 2.4 hereof, are true and accurate.

7.5 Consent to Purchase and Sale. Mission Town hereby consents to the purchase and sale of the Partnership Interest contemplated herein and agrees to continue the operations of the Company as a partner with Purchaser after the closing of the transactions contemplated herein.

7.6 Acknowledgment of Payment in Full. By accepting the payment made by the Company to Seller, as contemplated by Section 5.4(b) above, the Seller and Parent acknowledge and agree that they and each of their respective affiliates have been paid in full for all services products and other things delivered to the Company or its affiliates prior to or as of the Closing Date.

deemed given if delivered personally, telecopied, sent by nationally-recognized overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following address (at such other address for a party as shall be specified by like notice):

If to Seller or Parent: CCM Communications, Inc.
 104 Woodmont Blvd., 3rd Floor
 Nashville, Tennessee 37205
 Attn: President
 Telecopier: (615) 312-4295

 Salem Communications Corporation
 4880 Santa Rosa Road, Suite 300
 Camarillo, California 93012
 Attention: Jonathan L. Block, Esq.
 Telecopier: (805) 384-4505

With a copy to: Stowell, Zeilenga & Ruth LLP
 2815 Townsgate Road, Suite 330
 Westlake Village, California 91361
 Attention: David C. Ruth
 Telecopier: (805) 446-1490

If to Purchaser, Company
Guarantor or
Mission Town to: c/o Worship Leader, LLC
 31781 Camino Capistrano
 San Juan Capistrano, California 92675
 Attention: Managing Member
 Telecopier: (949) 240-0038

With a copy to: Rutan & Tucker, LLP
 611 Anton Boulevard, Suite 1400
 Costa Mesa, California 92626
 Attention: W. Andrew Moore, Esq.
 Telecopier: (714) 546-9035

All notices and other communications shall be deemed to have been received (a) in the case of personal delivery, on the date of delivery, (b) in the case of a telecopy, when the party receiving the copy shall have confirmed receipt of the communication, (c) in the case of delivery by nationally-recognized overnight courier, on the business day following dispatch, and (d) in the case of mailing, on the third business day following such mailing.

8.10 **Construction of Agreement.** This Agreement has been negotiated by the respective parties hereto and their attorneys and the language hereof will not be construed for or against either party. A reference to a Section or an Exhibit will mean a Section in, or Exhibit to, this Agreement unless otherwise explicitly set forth. The titles and headings herein are for

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed by their duly authorized respective officers as of the date first above written.

PURCHASER:

Worship Leader, LLC
a California limited liability company

By: Charles Fromm
Charles Fromm, Managing Member

SELLER:

CCM Communications, Inc.,
a Tennessee corporation

By: _____

Name: _____

Title: _____

PARENT:

Salem Communications Corporation,
a Delaware corporation

By: _____

Name: _____

Title: _____

COMPANY:

The Worship Leader Partnership,
a Tennessee general partnership

By: Mission Town Productions, LLC,
a General Partner

By: Charles Fromm

Name: Charles Fromm

Title: MANAGING MEMBER

By: CCM Communications, Inc., a General Partner

By: _____

Name: _____

Title: _____

[continued on following page]

Interest to Purchaser, and Purchaser shall acquire, purchase and accept the Partnership Interest from Seller.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed by their duly authorized respective officers as of the date first above written.

PURCHASER:

Worship Leader, LLC
a California limited liability company

By: _____
Charles Fromm, Managing Member

SELLER:

CCM Communications, Inc.,
a Tennessee corporation

By: _____

Name: James R. Campbell

Title: President

PARENT:

Salem Communications Corporation,
a Delaware corporation

By: _____

Name: James R. Campbell

Title: President / Vice President

COMPANY:

The Worship Leader Partnership,
a Tennessee general partnership

By: Mission Town Productions, LLC,
a General Partner

By: _____

Name: _____

Title: _____

By: CCM Communications, Inc., a General Partner

By: _____

Name: James R. Campbell

Title: Preced

[continued on following page]

MISSION TOWN:

Mission Town Productions, LLC,
a California limited liability company

By: _____

Name: _____

MISSION TOWN:

Mission Town Productions, LLC,
a California limited liability company

By: Charles E. Fromm

Name: Charles E. Fromm

Title: managing member

DISCLOSURE SCHEDULE

There is no registered trademark for Song Discovery. Seller has delivered to Purchaser documentation in which the United States Patent and Trademark Office has rejected Trademark Registration Application 75/585,507 for Song Discovery and the reasons for such rejection.

This disclosure qualifies the representations, warranties and covenants contained in Sections 2.13 and 7.2.

No other disclosures are required to be set forth on this Disclosure Schedule.